

DAILY REPORT

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WORLD BANK, IDA TO PROVIDE FINANCIAL ASSISTANCE

OW090747 Beijing XINHUA in English 0703 GMT 9 May 86

[Text] Washington, May 8 (XINHUA) -- The World Bank and the International Development Association (IDA), will provide financial assistance totaling 190 million U.S. dollars to China to expand one of its major ports and to develop fisheries operations near urban centers, according to a World Bank news release today. A loan of 130 million dollars from the World Bank is to support the construction of a new pier in the eastern port of Tianjin, south of Beijing. The pier will have 11 deepwater berths that will increase the port's efficiency in handling general cargo as well as timber and construction materials.

A credit of 60 million dollars from IDA, a World Bank affiliate, will help finance the development of freshwater fish ponds near eight of China's major urban centers including Beijing, Shanghai, Chongqing and Shenyang. When complete, the project is expected to produce annually about 85,000 tons of freshwater fish and 75,000 tons of fish feed. It will create more than 7,000 full-time jobs.

WFC ASIA-AFRICA WORKSHOP OPENS IN GUANGZHOU

He Kang on Grain Policy

OW121617 Beijing XINHUA in English 1523 GMT 12 May 86

["China Won't Rely on World Grain Market" -- XINHUA headline]

[Text] Guangzhou, May 12 (XINHUA) -- China will stick to the policy of solving its food problem by itself, said China's minister of agriculture, animal husbandry and fishery today. Speaking at the opening session of the World Food Council's Asia-Africa workshop on food policy, He Kang said China, with a population of well over one billion, cannot pin its hope for food on the world grain market. He said that China has always tried to feed its population by itself. Its limited grain import is for a change in varieties and foreign trade.

He noted since 1978, new policies have been adopted, including allowing farmland to be worked on a household basis, developing diversified economy, encouraging peasant markets, abolishing the state monopoly of grain purchase and raising the purchasing prices of agricultural products. He Kang said China now can basically feed its people through hard work over the past decades. Its 1985 grain output was 378,980,000 tons, averaging 378 kg for each person. He expressed the hope that China will further develop agriculture as far as its capacity allows.

Food Policies Discussed

OW122304 Beijing XINHUA In English 1446 GMT 12 May 86

[Text] Guangzhou, May 12 (XINHUA) -- China's experience in grain production is of significance for drought-stricken Africa, said an official of United Nations World Food Council (WFC) here today. Gilles Laubhouet-Valley, vice-president of the WFC, made his address at "WFC Asia-Africa Workshop on Food Policy," a six-day seminar which opened here today. He said the drought and unfavourable international economic situation make it a greater necessity than ever for African countries to make appropriate food policies.

In this respect, he said, they may share China's experience in developing its agriculture by enlarging irrigated areas, adopting improved grain varieties, and applying more chemical fertilizers.

The seminar is meant to introduce to African countries the food policies practised in Asian countries, especially those performed in China. Attending the meeting include experts from China, Botswana, Burkina Faso, Central Africa Republic, Ivory Coast, Ethiopia, Gambia, Ghana, Guinea, India, Kenya, Mali, Mauritania, Niger, Senegal, and Zambia.

HUANG HUA COMMENTS ON ASIAN DEVELOPMENT

OW122322 Beijing XINHUA in English 1435 GMT 12 May 86

[Text] Beijing, May 12 (XINHUA) -- Huang Hua, vice-chairman of the National People's Congress Standing Committee, today met foreign participants in an international conference here on Asian development. Huang told them he thought the five-day conference, which ended today, had helped to strengthen understanding between developing Asian countries. He briefed the participants on China's continuing economic reforms and open policy, and exchanged views with them on co-operation between developing countries and world peace. The conference was organized by the Chinese Academy of Social Sciences and the United Nations University. Participants from 14 Asian countries took part.

CHEN MUHUA MEETS, FETES ADB PRESIDENT 12 MAY

OW121342 Beijing XINHUA in English 1333 GMT 12 May 86

[Text] Beijing, May 12 (XINHUA) -- Chen Muhsua, state councillor and governor of the People's Bank of China, met with Masao Fujioka, president of the Asian Development Bank (ADB). She told Fujioka that she was satisfied with the session. Both Chen and Fujioka exchanged views on business cooperation between China and the ADB. Later, Chen gave a dinner for the visitors, who arrived here earlier today at the invitation of Chen Muhsua.

JOURNAL SAYS CHINA PROMOTES LABOR SERVICE ABROAD

OW121346 Beijing XINHUA in English 1334 GMT 12 May 86

[Text] Beijing, May 12 (XINHUA) -- China has extended its labor service to 90 countries and regions, today's "INTERNATIONAL BUSINESS" Journal reported. By the end of last year, it had sent more than 170,000 people abroad on contracted engineering and labor projects. They include engineers, workers, cooks, sailors, doctors and craftsmen, mainly working in Middle-Eastern and north African countries. They are engaged in the construction of highways, bridges, harbors and buildings, as well as the machine-building, metallurgical, chemical, textile, power and light industries. China's labor service abroad is also being expanded to include service trades, the paper said. The country has so far established 65 companies handling labor services for foreign countries.

ZHAO ZIYANG TALKS ON TRADE ISSUE WITH JAPAN

OW071248 Beijing XINHUA in English 1232 GMT 7 May 86

[Text] Beijing, May 7 (XINHUA) -- Chinese Premier Zhao Ziyang today expressed his hope that the Chinese and Japanese Governments and peoples would make joint efforts to eliminate the trade imbalance between the two countries under the principle of equality and mutual benefit. During a meeting with a delegation from the Japanese Research Institute for National Policy headed by its president, Shinsaku Hogen, Zhao praised the Japanese institute for its contributions to Sino-Japanese friendship.

Noting that Sino-Japanese friendly relations are based on their economic relations, Zhao said that economic relations between the two countries have developed well over the past few years and their financial cooperation has made fresh progress since the beginning of last year.

Zhao hoped that China's Japanese friends would make further efforts to help promote investment by Japanese entrepreneurs in China and Japanese technological transfer to China. Referring to problems in Sino-Japanese trade, Zhao said China's deficit in bilateral trade should be eliminated through joint efforts by both sides so as to guarantee the sound development of their trade. Zhao noted that China should improve the quality of its exports to meet market demands in Japan, while Japan should open its markets and reduce trade restrictions so as to import more Chinese commodities.

Shinsaku Hogen said that friendship between Japan and China is conducive to peace in Asia and the world as a whole. He told Zhao that his institute is willing to make continued efforts to promote economic and trade cooperation between the two countries.

Zhao briefed the guests on China's economic situation. He said that the on-going economic reform in China features stability with the adoption of proper principles and policies. Things have been going better than expected, he added. The Japanese delegation arrived here yesterday at the invitation of the Chinese People's Institute of Foreign Affairs. President of the institute Han Nianlong was present at today's meeting.

WU XUEQIAN MEETS JAPAN'S HEALTH, WELFARE MINISTER

OW091817 Beijing XINHUA in English 1810 GMT 9 May 86

[Text] Beijing, May 9 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian met here today Japanese Minister for Health and Welfare Isamu Imai, who is on a special China trip for settling the issue on Japanese orphans raised in China. Wu said Japanese orphans in China began to go to Japan to look for their parents and other relatives back in 1981. Since then, the Chinese side has been working positively in view of Sino-Japanese friendship and humanitarianism. Wu also expressed satisfaction with the positive cooperation from the Japanese side. The issue, left over from the history, is a very important one that should be settled through consultation, he said. In accordance with the agreement of the two sides, he said, 700 more Japanese orphans will go to Japan this year to look for their original parents or relatives. "I hope they will become a bridge for the Sino-Japanese friendship from generation to generation."

Isamu Imai expressed his gratitude to the Chinese Government and people, as well as the Chinese parents who had brought up the Japanese orphans. He said he hoped for an earlier settlement of the orphan issue.

According to sources disclosed, 842 Japanese orphans raised in China went to Japan between March 1981 and March 1986, and more than 300 of them have reunited with their parents and relatives. China and Japan have, through friendly discussions, reached agreement on the orphans issue, and Isamu Imai arrived here today to complete the note-exchanging procedures. During their stay here, Isamu Imai and his party are going to call on officials of the departments concerned and visit the China-Japan friendship hospital before returning home May 11. The Japanese visitors were honored at a banquet given by Chinese Vice Foreign Minister Qian Qichen here tonight.

VICE-PREMIER LI PENG MEETS JAL DELEGATION

OW092023 Beijing XINHUA in English 1524 GMT 9 May 86

[Text] Beijing, May 9 (XINHUA) -- Vice-Premier Li Peng met a Japan Airlines delegation led by company President Susumu Yamaji here today. Li said that since Japan Airlines and the Civil Aviation Administration of China (CAAC) had wide connections, aviation had become an important political, economic and cultural link between the two countries. He hoped there would be more close bilateral co-operation in aviation.

Yamaji said that a measure of how their links had grown could be seen in the fact that the number of Japanese and Chinese air passengers had increased from 50,000 in 1975 to 800,000 last year, while the volume of airfreight had risen from 1,400 to 24,000 tons. The Japanese delegation arrived here on Thursday at the invitation of CAAC Director General Hu Yizhou. Earlier today, the two sides held talks on the development of Sino-Japanese aviation co-operation.

PRC, JAPAN ESTABLISH NEW JOINT VENTURE

OW091410 Beijing XINHUA in English 1402 GMT 9 May 86

[Text] Tokyo, May 9 (XINHUA) -- Japan and China today established a new jointly-operated enterprise, Chuwa Trading Company, aimed at strengthening economic and technical cooperation between the two nations. The new company is founded by Japan's Wakoboeki Company and China's Harbour Engineering Company.

Naruo Fujisato, president of Wakoboeki Company, said at a reception hosted by Chuwa Trading Company in Tokyo Hotel this afternoon that establishment of the new company will strengthen economic and technological cooperation between the two nations. The new company will be responsible for the import and export of machinery, equipment, materials and technology needed for construction of harbours and other projects in and outside China. The company is headquartered in Tokyo and has an office in Beijing.

NI ZHIFU-LED TRADE UNION DELEGATION VISITS DRPK

OW091943 Beijing XINHUA in English 1740 GMT 9 May 86

[Text] Pyongyang, May 9 (XINHUA) -- Ni Zhifu, president of the All China Federation of Trade Unions (CFTU), today expressed firm support for the Korean Government's position for a peaceful settlement to the Korean issue. He made the pledge at a banquet hosted by the Central Committee of the General Federation of Trade Unions of Korea (CCGFT) in honour of the CFTU delegation in the People's Palace of Culture here. Ni, who is a member of the Political Bureau of the Central Committee of the Communist Party of China and leader of the delegation, said the purpose of the delegation's visit is to strengthen friendship between the two peoples.

Kim Pong-chu, chairman of the CCGFT, said the Chinese delegation's visit will contribute to the development of friendly relations between the working classes and trade unions of the two countries. The delegation arrived in Pyongyang this morning. This is the second visit of this kind led by Ni to Korea.

Meets With Kim Il-song

OW121421 Beijing XINHUA in English 1410 GMT 12 May 86

[Text] Pyongyang, May 12 (XINHUA) -- Korean President Kim Il-song today met with a Chinese trade union delegation led by Ni Zhifu, chairman of the All-China Federation of Trade Unions. During their talks, Kim, also secretary general of the Central Committee of the Korean Workers' Party, said that the Korean people were glad to see China's great achievements in modern socialist construction, and expressed the belief that China's four modernizations would be realized. Today the Korean General Federation of Trade Unions held a meeting in the workers auditorium to welcome the visiting delegation. The Chinese delegation arrived here May 9 and will visit some places in the country.

Rally Welcomes Delegation

OW122140 Beijing XINHUA Domestic Service in Chinese 1454 GMT 12 May 86

[By reporter Gao Haorong]

[Text] Pyongyang, 12 May (XINHUA) -- Today the General Federation of Trade Unions of Korea held a mass rally at Pyongyang's Workers Guild Hall to warmly welcome the Chinese trade union delegation led by Ni Zhifu, member of the Political Bureau of the CPC Central Committee and chairman of the All-China Federation of Trade Unions. Kim Pong-chu, chairman of the Central Committee of the General Federation of Trade Unions of Korea and Ni Zhifu made speeches at the rally.

Kim Pong-chu said: A profound social economic change unprecedented in its several thousand-year history is now taking place in China. This change of historic proportions is a major event promoting the development of the history of mankind. He continued: The Korean people believe that the socialist modernization program of the CPC is based on the actual situation in China. Kim expressed his belief that under the leadership of the CPC, the Chinese working class and people will definitely fulfill the tasks set by the 12th National CPC Congress and score fresh victories in all fields in developing the socialist modernization program.

Ni Zhifu praised the Korean working class and people for their firm determination and spirit of selflessness in building a poor and backward Korea into a prosperous socialist nation. He said: The Chinese workers feel highly elated over and wholeheartedly admire the achievements attained by the Korean workers and people in building socialism. Ni Zhifu expressed his firm determination to support the just struggle of the Korean workers and people for independence and peaceful reunification of the motherland and to endorse the plan put forward by the party and government of Korea for the realization of peaceful reunification.

In their speeches, both Kim Pong-chu and Ni Zhifu pledged to cherish the friendship between the workers and peoples of the two countries and pass it on from generation to generation. At the rally, both sides presented banners to each other. Attending the rally were So Yun-sok, member of the Central Committee Political Bureau of the Korean Workers' Party, and Zong Kewen, Chinese ambassador to Korea.

YI TAE-HO CONDEMNS SINKING OF DPRK BOAT

OW061325 Beijing XINHUA in English 1120 GMT 6 May 86

[Text] Panmunjom, May 6 (XINHUA) -- A high-ranking officer of the Democratic People's Republic of Korea today condemned South side for sinking a North side's fishing boat, calling the action "a piracy." Major General Yi Tae-ho, senior member of the Korean-Chinese side of the Korean Military Armistice Commission, made his accusation at the 435th meeting of the Korean Military Armistice Commission held here.

On April 24, a South Korean warship attacked and sank a North side's trawler no. 1390 that was sailing back for its base, killing two crew members and injuring four others, Li said. Showing pictures and a press conference video tape, the general denied to U.S. side's allegation that the "suspicious" trawler "went beyond the military demarcation line." Yi described South Korea's naval attack as "an illegal action" that defied international law and the Korean Armistice Agreement."

Thanks to restraint of the North side for the sake of relaxing tension on the Korean peninsula, he said, the incident has not been escalated to an armed conflict between the two sides. But he warned the U.S. and South Korean representatives that the restraint should not be regarded as weakness. He demanded that the U.S. and South Korean authorities apologize, punish the chief plotter and assailants in the incident, and take measures to avoid occurrence of similar incidents.

TIAN JIYUN RECEIVES DPRK YOUTH DELEGATION

OW101217 Beijing XINHUA in English 1200 GMT 10 May 86

[Text] Beijing, May 10 (XINHUA) -- Tian Jiyun, member of the Political Bureau of the Chinese Communist Party Central Committee and vice-premier, met a delegation from the Socialist Working Youth League of Korea here today. Tian noted that the delegation's visit will enhance the profound friendship between China and Korea, and between their people and youths. The Chinese Communist Party and the Chinese people will make consistent and untiring efforts to defend the Sino-Korean friendship, he said.

Kim Chang-ryong, head of the delegation and vice-chairman of the Central Committee of the Socialist Working Youth League of Korea, said this friendship has been founded by the older generation of revolutionaries of the two countries and the Korean Youth League will carry it forward from generation to generation. Present was Song Defu, first secretary of the Chinese Communist Youth League Central Committee. The Korean youth delegation arrived in Beijing May 9 at the invitation of the Chinese youth league.

SOUTH KOREAN STUDENTS DEMONSTRATE IN INCHON

OW040735 Beijing XINHUA in English 0556 GMT 3 May 86

[Text] Pyongyang, May 3 (XINHUA) -- Tens of thousands of South Korean students and workers today demonstrated in Inchon, 25 miles west of Seoul, to denounce the South Korean authorities for forcing a cancellation of a big opposition rally, according to reports reaching here.

The rally sponsored by the opposition, New Korea Democratic Party (NKDP), is aimed at promoting an NKDP campaign to collect 10 million signatures on a petition to urge "President" Chon Tu-hwan to permit direct presidential polls next year.

The KOREAN CENTRAL NEWS AGENCY quoted the reports as saying that hours prior to the scheduled opposition gathering, more than 15,000 masses staged a peaceful protest inside and around a public hall in the western port city, chanting "go away U.S. imperialists" and "down with dictatorship." However, city authorities forced the party to cancel the meeting and a police cordon was set up around the hall and all routes to the site were cut off. Police threw tear gas at the masses coming to the meeting. NKDP leaders, including party President Yi Min-wu and leading dissident Kim Yong-sam, were prevented from getting into the hall. The meeting had to be postponed indefinitely. A massive demonstration followed immediately in protest. The demonstrators threw stones and petrol bombs at police and set fire to local offices of Chon's Democratic Justice Party as well as a police van and a civilian car.

On April 30, "President" Chon had talks with Yi, declaring that he would keep the current constitution until 1989, but claiming that if the ruling and opposition parties reach an agreement on the matter he will revise the constitution before his term expires. The KCNA report said that the South Korean authorities' acts of suppression proved that what Chon said was nothing but "a fraud."

MASSIVE SIGNATURE CAMPAIGN RALLY IN SOUTH KOREA

OW111004 Beijing XINHUA in English 0935 GMT 11 May 86

[Text] Pyongyang, May 11 (XINHUA) -- More than 25,000 citizens in Masan city, South Korea, yesterday attended a rally in support of the signature campaign for constitutional revisions. The rally was sponsored by the leading opposition New Korea Democratic Party (NKDP), KOREAN CENTRAL NEWS AGENCY (KCNA) reported today. This is the eighth such rally held in different South Korean cities organized by opposition forces.

In separate speeches, Kim Yong-sam and Kim Tae-chung, standing advisors to the NKDP, accused the United States for supporting the South Korean authorities during a recent visit to South Korea of U.S. Secretary of State George Shultz. They described South Korean "President" Chon Tu-hwan's claims as "a fraud resulting from strong nation-wide pressure" Chon Tu-hwan said on April 30 that "if an agreement on constitution revision could be reached in parliament between the ruling and opposition parties, the constitution revisions would be conducted before his term expires."

Following the rally, about 1,000 students launched a protesting demonstration. It was reported that more than 17,000 policemen deployed in the area fired tear gas to disperse the protesters. Under the signature campaign plan, the New Korea Democratic party will hold a similar rally in Chonju city on May 17. The campaign's objective is to force the ruling authorities to accept a "three-stage political agenda", namely, a constitutional revision this year, a direct presidential election next year and a transference of power in 1988.

NPC DELEGATION CONTINUES VISIT TO AUSTRALIA

OW100652 Beijing XINHUA in English 0639 GMT 10 May 86

[Text] Melbourne, May 10 (XINHUA) -- Australia is sincere in wishing to build a mutually beneficial broadly-based relationship with China, said Tom Edmunds, speaker of the legislative assembly of the Australian southern state of Victoria, here this afternoon. Edmunds made these remarks at a luncheon given by the Victorian Parliament in honor of the Chinese National People's Congress (NPC) delegation led by Peng Chong, deputy chairman of the Chinese NPC Standing Committee. Edmunds said the Victoria state particularly cherishes its relationship with China's Jiangsu Province, which has established sister ties with the state of Victoria.

Peng said he was confident that with the steady growth of the Sino-Australian relations, bilateral economic cooperation and cultural exchanges would continue to increase. Baingen Erdini Qoigyi Gyaincain, deputy leader of the NPC delegation and vice chairman of the NPC Standing Committee, was also present on the occasion. It is his first visit abroad since the 1960's. Apart from scheduled activities, he also met with Tibetans here this evening. It is estimated that some 30 Tibetans now reside in Australia.

China and Australia established diplomatic relations in 1972. The current visit of the Chinese NPC delegation is the third of its kind since 1978. The leaders of the two countries have exchanged visits many times over the last several years. Australian Prime Minister Robert Hawke will make a goodwill visit to China on May 18. The Chinese delegation, who arrived in Australia on April 29 at the invitation of the Australian Federal Parliament, will leave here for home tomorrow.

Leaves for Home

OW101243 Beijing XINHUA in English 1221 GMT 10 May 86

[Text] Melbourne: May 10 (XINHUA) -- The National People's Congress (NPC) delegation from China left David Hamer airport here for home this afternoon after a 12-day visit to Australia. During its stay in Australia the delegation held talks with Ninian Stephen, governor-general of Australia, and Prime Minister Robert Hawke, federal and state parliamentary leaders, federal and state government ministers on promotion of friendship and cooperation between the two countries.

Baingen Erdini Qoigyi Gyaincain, vice chairman of the NPC Standing Committee and deputy leader of the delegation, discussed his perception of religious freedom in China today, which was praised by religion officials. The Chinese delegation, led by Peng Chong, vice chairman of the NPC Standing Committee, arrived April 29 at the invitation of the Australian Federal Parliament. NPC delegations previously visited Australia in 1978 and 1982.

AUSTRALIA'S HAWKE VIEWS CHINA'S FUTURE

OW121839 Beijing XINHUA in English 1810 GMT 12 May 86

[Text] Canberra, May 12 (XINHUA) -- South Africa stood out like an island of reaction in a sea of change, Australian Prime Minister Robert Hawke told the Duke of Edinburgh's Commonwealth Study Conference in Melbourne today. Hawke said while the process of decolonization has been substantially completed, the great majority of the people in South Africa have still to achieve sovereignty and control of their own destiny. "Today," he said, "The recently independent nations bring a totally new dimension to international affairs."

He went on to say that the Commonwealth, now representing a quarter of the world's population and a third of the sovereign and independent nations, have developed a particular capacity to recognize in time the need for change. The Australian prime minister noted that "a particular feature of the period has been the growing importance of north Asia -- of China and Japan especially -- and the economic dynamism of the Western Pacific Basin." He said, "I would venture two observations in this respect. First, the revolution which is occurring in China is the single most significant event of our time. Second, the pattern of dynamic economic growth in this region will continue to characterize the period to the end of this century." The conference, chaired by the duke of Edinburgh, is being attended by delegates from all Commonwealth countries.

GUANGZHOU MAYOR IN SYDNEY FOR 'CHINA WEEK'

OW122300 Beijing XINHUA in English 1527 GMT 12 May 86

[Text] Sydney, May 12 (XINHUA) -- The traditional Chinese dragon and lion dances marked the beginning of "China Week" here today -- the first of its kind in Australia since the establishment of diplomatic relations between China and Australia in December 1972. Hundreds of cheerful people carrying aloft panda banners and multi-color flags paraded through Sydney's main streets, from Chinatown to downtown's City Hall. The parades were welcomed at the Sydney Town hall by Mayor of Sydney Douglas Sutherland and Mayor of Guangzhou Zhu Senlin, who earlier today signed a proclamation announcing that Sydney and Guangzhou have become friendship cities. Guangzhou is the capital of China's southern province of Guangdong while Sydney is the capital of Australia's southeastern state of New South Wales. "China Week," which lasts from May 12 to 18, will present a variety of Chinese programs, including circus shows, painting, print and photo exhibitions, a film festival, the Guangdong trade fair and a trade seminar. The activities will take place in the Sydney Entertainment Center, the art gallery of New South Wales state, the Sydney Town Hall, the suburbs, parks, shopping centers and Chinatown.

PRC INSURANCE FIRMS IN HONG KONG INCREASE CAPITAL

OW122113 Beijing XINHUA in English 1506 GMT 12 May 86

[Text] Beijing, May 12 (XINHUA) -- Two Hong Kong-based Chinese insurance companies have increased their capital and two others will follow suit this year in efforts to expand business and provide more solid security for policy holders, according to the People's Insurance Company of China. The business of the Chinese insurance companies in Hong Kong scored a 10 percent increase in 1985, with goods transportation insurance achieving the highest growth, and growth of reinsurance exceeding 20 percent. In order to further boost its business, the China Life Insurance Company raised its capital to 20 million yuan renminbi from five million yuan renminbi in 1985. The China Reinsurance Company also extended its authorized capital to 100 million H.K. dollars from 50 million H.K. dollars; and its actual capital to 80 million H.K. dollars from 30 million H.K. dollars. This year, the Hong Kong Mingan Insurance Co. Ltd. plans to increase its actual capital to 100 million H.K. dollars from 50 million H.K. dollars and the China Baolian Investment Co. Ltd. has decided to raise its actual capital to 10 million H.K. dollars from 100,000 H.K. dollars. China has established in Hong Kong a fairly complete insurance system with various specialized companies dealing in property insurance, life insurance, reinsurance, investment and securities. There are now more than 280 insurance companies in Hong Kong and the competition is acute.

WU XUEQIAN BEGINS 9-NATION EUROPEAN TOUR

Arrives in Finland

OW111755 Beijing XINHUA in English 1746 GMT 11 May 86

[Text] Helsinki, May 11 (XINHUA) -- Chinese Foreign Minister Wu Xueqian arrived here today for a three-day official visit to Finland on the first leg of his nine-nation European tour. Wu, who was met at the airport by his Finnish counterpart Paavo Vayrynen, told reporters upon his arrival that he hoped that his visit would enhance understanding, develop friendship, strengthen cooperation and help maintain peace. This is the first visit by a Chinese foreign minister to Finland since the two countries established diplomatic ties in 1950.

Wu, also Chinese state councillor, expressed satisfaction over the development of bilateral relations in the past years and said the visit will further promote such relations. During the visit, which also will take him to Sweden, Norway, Denmark, Belgium, Luxembourg, Ireland, Democratic Germany and Hungary, Wu is expected to meet with Finnish President Mauno Koivisto and Premier Kalevi Sorsa and hold talks with Vayrynen on bilateral and international issues.

Meets With Finnish President

OW121550 Beijing XINHUA in English 1544 GMT 12 May 86

[Text] Helsinki, May 12 (XINHUA) -- Finnish President Mauno Koivisto today met visiting Chinese State Councillor and Foreign Minister Wu Xueqian and the two exchanged views on international issues of mutual concern. During the meeting the Chinese foreign minister also briefed the Finnish president on the economic situation in China and the economic reforms underway there. Later, President Koivisto gave a luncheon in honor of Wu attended by Finnish Prime Minister Kalevi Sorsa and other government ministers. Chinese Ambassador to Finland Lin Aili and other embassy officials were also on hand.

Wu, Vayrynen View Disarmament

OW121530 Beijing XINHUA in English 1510 GMT 12 May 86

[Text] Helsinki, May 12 (XINHUA) -- Visiting Chinese Foreign Minister Wu Xueqian held official talks with Finnish Foreign Minister Paavo Vayrynen this morning on East-West relations, disarmament, other pressing international issues and Sino-Finnish relations. The two ministers shared identical or similar views on a series of international questions during the meeting that lasted for more than two hours.

On disarmament, Wu expressed the hope that the United States and the Soviet Union will negotiate seriously to achieve large-scale arms reduction and reach an agreement which would not infringe upon other nations' interests. Vayrynen, while stressing that big powers bear major responsibilities for disarmament, hoped they will reach an agreement on an overall nuclear test ban.

On medium-range missiles, Wu said China demands a simultaneous and balanced reduction and destruction of missiles based in Europe and Asia. Vayrynen expressed his concern over the danger posed by cruise missiles to the neutral nations, saying that the use of such missiles should be banned.

During the cordial and friendly talks, they also briefed each other on the foreign policies of their own countries and the situation in Asia and northern Europe.

Wu, also a Chinese state councillor, reaffirmed that China appreciates and supports Finland's foreign policy of positive neutrality and peace and its efforts to promote detente and disarmament. The two agreed that Sino-Finnish relations have developed vigorously in recent years, as is evidenced by active political contacts, a developing trade and more exchanges in culture, science and technology. Both of them foresaw a bright prospect for bilateral cooperation and believed that the friendly relations between the two countries will further grow.

Present at the talks were Klaus Torlund, deputy state secretary of the Finnish Ministry of Foreign Affairs, and other Finnish high-ranking officials as well as Chinese Ambassador to the country Lin Aili.

Speech Reviews Foreign Policy

OW121924 Beijing XINHUA in English 1903 GMT 12 May 86

[Text] Helsinki, May 12 (XINHUA) -- Chinese Foreign Minister Wu Xueqian today said the fundamental objective of China's foreign policy is to oppose hegemony, safeguard world peace, develop international cooperation and promote common prosperity. Wu, in a speech at the Paasikivi Society here, said that China has put forward an independent and peace-oriented foreign policy as a long-term national policy in recent years. In pursuing the policy, he said, "China both fulfills the condition required by its own modernization program and makes a positive contribution to world peace and human progress." "China will never attach itself to any superpower, nor will it enter into alliance or establish strategic relations with either of them," said the Chinese minister, who arrived here on Sunday to start a nine-nation European tour that will also take him to Sweden, Norway, Denmark, Belgium, Luxembourg, Ireland, Democratic Germany and Hungary.

Wu said that China welcomes the resumption of U.S.-Soviet arms controls talks and hopes they will reach an agreement favorable to peace through serious negotiations. "We believe that so long as both China and the United States strictly adhere to the principles established in the joint communique between the two countries, Sino-U.S. relations can develop steadily, and that if concrete actions are taken to remove the existing obstacles, a true improvement in Sino-Soviet relations is possible," he said.

Touching on the disarmament issue, Wu emphasized that China stands against arms race and its extension to outer space. China stands for the complete prohibition and thorough destruction of nuclear weapons, he continued. "The two big nuclear powers, which possess over 95 percent of the world's total nuclear arsenal, should take the lead by reducing their nuclear armaments. This is a prerequisite for bringing about universal nuclear disarmament." "The forces working for peace in the world have now outgrown the factors of war," he said, adding that "world peace can be maintained so long as the people of all countries and various forces for peace enhance their unity, cooperate closely and work unremittingly for peace."

With regard to international relations, the Chinese minister stressed that China opposes the use or threat of force in international relations. China opposes terrorism of all descriptions, and believes that the correct way to solve the problem is to wipe out the social and political root causes of terrorism, he said.

China supports the European nations in their efforts to relax tension in that region and welcomes the increased contacts and cooperation between East and West European countries aimed at relaxing the confrontations between the two military blocs in Europe.

In his speech, Wu renewed China's call for the pullout of all foreign troops from Kampuchea and Afghanistan so that the peoples there could choose their own social and political systems without outside interference. "This is the prerequisite for political settlement of the Kampuchean and Afghan questions through negotiations," he said.

He noted that such major world issues as peace, disarmament and development should not be monopolized by the superpowers, and all countries, the medium-sized and small ones in particular, should have an equal say. He stressed that China firmly supports the Third World countries in their struggle to oppose any forms of imperialism, colonialism and racism and to win and safeguard national independence and state sovereignty. China also supports North-South dialogue and enhanced South-South cooperation and the establishment of a new international economic order.

On Sino-Finnish relations, the Chinese minister said that China fully respects and understands Finland's stance in world affairs, and appreciates the useful role it plays in easing the tension in Europe and promoting the East-West contacts and cooperation. "In the lofty cause of world peace and international cooperation, China and Finland are friends and partners who can work closely together and trust each other," he said.

Also present at today's meeting were Paasikivi Society Chairman Jaakko Iloniemi, people from the country's political, business and journalistic circles and other public figures. Paasikivi Society, established in 1958 in memory of Finland's outstanding statesman and late President J.K. Paasikivi, is one of the most important institutions studying the country's foreign policy and international issues.

VIEWS COOPERATION WITH EUROPE

OW130638 Beijing XINHUA IN English 0628 GMT 13 May 86

[Text] Helsinki, May 12 (XINHUA) -- China attaches special importance to economic and technological cooperation with European countries, Chinese Foreign Minister Wu Xueqian said here today. Replying to questions from audience after addressing a meeting of the Paasikivi Society, Wu said China will not only promote trade and economic relations with the Asian-Pacific region but also with countries in Europe and the rest of the world. He expressed China's support for the Eureka program raised by France last year and supported by other West European countries, saying it is conducive to the continuous development of European economy and technology.

The Chinese Minister, who is on a nine-nation European tour that will also take him to Sweden, Norway, Denmark, Belgium, Luxembourg, Ireland, Democratic Germany and Hungary, said a united and strong Europe will be a major force in safeguarding world peace. Referring to regional development, Wu said the economic development in the Asian-Pacific region has been growing faster and has attracted much attention from the world community. The region's economy should develop under the principle of equality and mutual benefit and no superpower should be allowed to control the development of the region, he added.

Meanwhile, in an interview with Finish Tv, the foreign minister said China supports the Finnish foreign policy of peace and neutrality. The relationship between Finland and China is good and the perspective of cooperation between the two countries is broad, he pointed out, adding Finnish Prime Minister Kalevi Sorsa's visit to China in September will further promote the existing relations and cooperation between the two countries.

Sign Taxation Agreement

OW130244 Beijing XINHUA in English 0154 GMT 13 May 86

[Text] Helsinki, May 12 (XINHUA) -- China and Finland today signed an agreement to avoid double taxation and prevent evading fiscal responsibility. Wu Xueqian, Chinese state counsellor and foreign minister, and Paavo Vayrynen, Finnish Foreign minister, signed the agreement. The agreement, which will promote Finnish investment in China, follows an investment protection agreement signed between the two countries in September 1984.

Wu, whose three-day visit to Finland is the first stop of a nine-nation European tour, met with Finnish Prime Minister Kalevi Sorsa today and discussed bilateral trade and economic and technological cooperation. At the meeting, Wu conveyed to Sorsa cordial greetings from Chinese Premier Zhao Ziyang. Sorsa said that he is looking forward to his visit to China in September. Sorsa noted that Finland attaches much importance to promoting relations with China.

Feted at Banquet

OW130630 Beijing XINHUA in English 0615 GMT 13 May 86

[Text] Helsinki, May 12 (XINHUA) --- Chinese Foreign Minister Wu Xueqian said here tonight that northwest European countries are an active force in striving for detente and disarmament in Europe, and China respects their foreign policies worked out in the light of their own conditions. Speaking at a banquet hosted by his Finnish counterpart Paavo Vayrynen, Wu said his country supports a more active role for these countries in international affairs.

He pointed out that Finland, pursuing the foreign policy of "active and peaceful neutrality," has made unremitting efforts in and positive contribution to strengthening cooperation between Eastern and Western Europe and promoting detente and disarmament. He also said that China pursues an independent peaceful foreign policy and hopes to develop friendly relations with other countries on the basis of the five principles of peaceful coexistence. The foreign minister stressed the significance for China to develop long-term and stable friendly relations and cooperation with Western Europe. China values relations not only with major countries in Western Europe but also with medium and small nations in northwestern Europe, he declared. The important role of northwest European countries in promoting European cooperation and South-North dialogue and safeguarding world peace should be highly appraised, he added.

On bilateral relations, Wu said that Finland is among the earliest Western countries that established diplomatic relations with China, and the two countries have made great progress in their relations in the political, economic, cultural and other fields. He noted that enhancement of these ties is a good example of cooperation of mutual respect between countries with different social and economic systems.

Vayrynen in his speech described the first visit by a Chinese foreign minister to Finland as a historic event. On international affairs, he said that the stockpiling of nuclear armaments by major powers does not help increase world security, which hinges on the premise that these powers will never use these weapons. He stressed that Finland supports all efforts to limit nuclear weapons and halt the arms race. Vayrynen also said that Finland is making efforts to increase security inside and outside Europe and improve the international atmosphere. It believes that the proposal for a nuclear-free zone in northern Europe is of practical significance, he added.

He said that Finland and China have steadily developed their ties since the establishment of their diplomatic relations, and visits to each other have increased. He noted that the policy of opening to the outside world pursued by both countries makes it possible for the two countries to cooperate more closely in various fields. He hoped the relationship between the two countries will be further developed. Attending the banquet were Finnish officials and noted figures and diplomats of the Chinese Embassy here.

LI PENG MEETS FRG PARTY DELEGATION 7 MAY

OW071347 Beijing XINHUA in English 1338 GMT 7 May 86

[Text] Beijing, May 7 (XINHUA) -- Vice-Premier Li Peng and Walther L. Kiep, member of the Presidium of the Christian Democratic Union of the Federal Republic of Germany (FRG), discussed cooperation in automobile production between the two countries at a meeting here today. Li said the Chinese Government attaches great importance to the cooperation being conducted by a Shanghai automobile factory and Volkswagen of Federal Germany. Kiep considered this a symbol of Sino-FRG Economic and technological cooperation and said he would do his best to aid such cooperation. Both sides held that Volkswagen should help the Shanghai joint venture to produce spare automobile parts itself as quickly as possible. The Federal German side is also asked to import more of China's spare parts and other automobile products in order to enable the company to enjoy a foreign exchange balance. Kiep and his party arrived in Beijing May 5 at the invitation of the State Economic Commission.

PRC BECOMES FRG'S LARGEST THIRD WORLD TRADE PARTNER

OW080628 Beijing XINHUA in English 0535 GMT 8 May 86

[Text] Bonn, May 7 (XINHUA) -- Federal Germany's exports to China totalled 6.4 billion deutschmarks last year, making China its biggest third world trade partner. According to the Berlin (West) Economics Institute's report released today, Federal Germany's export volume with China was 1.2 billion marks more than with Saudi Arabia, Germany's second largest third-world exporting partner. In 1985, Federal Germany exported 4.8 billion marks worth of goods to Iraq, 4.2 billion to Turkey, 3.4 billion to India, 3.2 billion to Egypt and 2.9 billion to Algeria. The report predicted that this year Federal Germany's exports to China will not reach last year's record high level and its total exporting volume with the Third World countries will be reduced to about 69 billion marks. The country's total exporting volume with the Third World nations last year was 78 billion marks, 53 percent of which was with the oil producing countries. But with the oil price decline these nations' importing capacity will likely decline.

ZHENG TUOBIN, DELEGATION DEPART FOR WEST EUROPE

OW061729 Beijing XINHUA in English 1525 GMT 6 May 86

[Text] Beijing, May 6 (XINHUA) -- A Chinese Government economic and trade delegation led by Minister of Foreign Economic Relations and Trade Zheng Tuobin left here today for Ireland, France and Britain. Zheng will exchange views with his counterparts in the three countries respectively on the expansion of bilateral trade and economic cooperation. Zheng, on behalf of the Chinese Government, is going to sign an agreement on cooperation in economy, industry and sciences and technology between China and Ireland, a document on investment protection and loans between China and Britain. He will preside over the sixth session of the Sino-French mixed committees on economy and trade and sign a loan document between China and France.

MINISTERS EXPLAIN 5-YEAR PLAN GOALS, PROBLEMS

OW101009 Beijing XINHUA Domestic Service in Chinese 0632 GMT 9 May 86

["Conscientiously Carry Out the Seventh 5-Year Plan To Promote Socialist Modernization"
-- XINHUA headline]

[Excerpts] Beijing, 9 May (XINHUA) -- XINHUA editor's note: The people of all nationalities throughout the country are conscientiously studying and carrying out the Seventh 5-Year Plan for economic and social development since it was approved by the Fourth Session of the Sixth National People's Congress. XINHUA today has transmitted a number of articles by responsible persons of the Ministries of Coal Industry, Railways, Metallurgical Industry, and Light Industry, and will transmit statements made in interviews with a few leaders of provinces, cities, and autonomous regions. These articles and talks have revealed from different angles how the ministries and the various areas are implementing the 5-Year Plan; moreover, they have also introduced their future plans for implementing the plan. As the Seventh 5-Year Plan is China's action program for reforms and construction in the next 5 years, we hope that the cadres and masses in all localities and in all trades and professions, while implementing the 5-Year Plan, will continue to display an unyielding spirit in carrying out reforms and working hard, and to do their utmost for the motherland's socialist modernization. [end editor's note]

Reform Should Be the Priority for the Coal Industry During the Seventh 5-Year Plan**By Minister of Coal Industry Yu Hongen**

The 5 million workers and staff members of the coal industry have created a good situation for the industry with their diligence at a time when the Seventh 5-Year Plan has just started: Coal output of mines under central government administration rose 3.55 million tons during the first 5 months of this year over the same period in 1985. During the first 4 months, there were fewer accidents than in the same period last year, and new progress was made in capital construction.

According to the 5-Year Plan, China's annual coal output will reach 1 billion tons by 1990. In the next 5 years, the coal industry plans to build projects with a total capacity of 180 million tons, but projects with a total capacity of 167 million tons are expected to be completed.

During the Seventh 5-Year Plan, we shall continue our efforts to modernize our coal industry by giving it distinctive Chinese characteristics. First, we shall concentrate on the technical transformation, renovation, and expansion of the existing mines. The objective is to get quick and effective returns with less investment. Meanwhile, we shall step up construction of key projects in order to lay a sound foundation for the development of the coal industry in the next 10 years after the Seventh 5-Year Plan.

The Railroad Industry Should Strive To Effect a Significant Change Before Ushering in the 1990's**By Railways Minister Ding Guangen**

The railways occupy a key position in China's whole transportation system. However, the transport capacity of the railways still cannot meet the increasing demand, and the quality of service is not good enough to satisfy the people's demand.

We know that we had important tasks to do in the first year of the Seventh 5-Year Plan, so we have worked hard from the outset and thus have gotten off to a good start: In the first 4 months of this year, in addition to fulfilling the passenger transport plan, we fulfilled the freight transport plan fairly well. The volume rose 4.4 percent over the same period of last year.

To improve railway transport services during the Seventh 5-Year Plan, we must emphasize railway management and operations in the next 5 years. We plan to build 2,500 kilometers of double-track lines and 4,000 kilometers of electrified lines, renovate and expand 7 marshalling yards, build 2 new ones, and build and renovate 10 passenger stations in order to raise the railway system's transport capacity.

The Iron and Steel Industry Should Advance to a New Level During the Seventh 5-Year Plan

By Minister of Metallurgical Industry Qi Yuanjing

The Seventh 5-Year Plan calls for annual steel production to reach 55 million to 58 million tons and for annual output of steel products to reach 44 million to 46.5 million tons by the year 1990, an increase of 8 million to 11 million tons and 7 million to 9.5 million tons respectively over 1985. The Seventh 5-Year Plan also sets fairly high demands on the iron and steel industry regarding variety, quality, and consumption.

In the first 4 months of this year, our production maintained a steady increase. Output of iron and steel rose more than 11 percent over the same period last year, while that of steel products increased by 8.9 percent. Good economic results were also reported.

In raising steel output in the next 5 years, three-fourths of the increase should be undertaken by existing enterprises. Iron smelting is a weak link in our effort to boost the output of steel to the level set by the Seventh 5-Year Plan and to break the 60-million-ton mark. Therefore, we must concentrate on increasing iron output, which is needed for the increase in steel production, in the next 5 years.

Currently, there is not only a shortage of steel, pig iron, and steel products in China, but, more importantly, a problem of poor variety, quality, and economic results. Although we have made some progress in these areas in the past few years, we are still far behind the international level and cannot meet the needs of national construction. Henceforth, we should pay attention, not only to raising output, but also to raising quality and producing marketable products. In the next 5 years, we shall try to make a breakthrough in developing high-quality steel products, with focus on low-alloy structural steel, which are urgently needed by the energy, transportation, machine-building, building, and electronics industries. Efforts will be made to increase China's output of low-alloy structural steel from 6.19 million tons in 1985 to over 9 million tons in 1990, and output of alloy steel from 2.92 million tons in 1985 to 4 million tons in 1990. Our efforts are to fulfill or overfulfill the targets set by the Seventh 5-Year Plan.

It Is Necessary To Raise Quality and Increase Varieties of Light Industry During the "Seventh 5-Year Plan"

By Light Industry Minister Yang Bo

During the first spring of the "Seventh 5-Year Plan," the broad masses of cadres, staff members, and workers on the light industry front worked hard and created a very good situation.

In the first quarter of this year, compared with the same period last year, the production of refrigerators and electric fans, which are in great demand in China's stores, increased by 66.5 percent and 31.2 percent respectively. The production of sugar, everyday glassware, dairy products, synthetic detergents and beer also rose by more than 10 percent over last year and satisfied the demand of the masses of people in urban and rural areas. However, we must also clearly see that the people are setting a higher demand on consumer goods and have become highly selective in buying those products. As a result, the problem of low quality and lack of variety is even more important than that of inadequacy. Therefore, in the next 5 years, we must use the reform of the economic structure as a motivation, constantly adjust production structure, and make great efforts to raise quality and increase variety of products to satisfy the needs of the people of the whole country.

In order to achieve a relatively big development in light industry during the "Seventh 5-Year Plan," especially significant progress in raising quality and increasing variety, we must further promote reform, and strive to turn various enterprises into socialist producers and commodity operators, with full vitality and full responsibility for operations and financial gains and losses. We should also eliminate obstacles between departments and regions, and among enterprises with different systems of ownership and use famous and fine products as leading forces to promote lateral economic and technological cooperation.

RENMIN RIBAO ON QUESTIONS OF CIRCULATING CAPITAL

HK120751 Beijing RENMIN RIBAO in Chinese 28 Apr 86 p 5

[Article by Zhu Tianshun: "The Problem of Circulating Capital Should Be Tackled in a Comprehensive Way"]

[Text] Why Has the Problem of Circulating Capital Become so Acute?

Circulating capital includes capital needed by enterprises in the course of production, and the capital needed in the circulation stage which is interdependent and interrelated with production stage. Every process of reproduction, which includes circulation, is an active cycle of circulating capital. To ensure production and circulation, we need sufficient circulating capital. However, due to the fact that most of the additional financial allocation of circulating capital has been turned into loans, after the tightening of money supply last year, the amount of circulating capital needed has exceeded the supply of loans which can be used as capital. This has made the contradiction in this aspect more acute. At present, the problem of circulating capital has become a striking problem in the national economy. If we fail to tackle it in a comprehensive way and solve it, it will adversely affect production and the normal cycle of circulation.

What are the factors contributing to the acute contradiction between the supply and demand of circulating funds?

1. The scale of capital construction was too broad, and the number of newly opened enterprises was too great. Over the past 2 years, excessive scale of capital construction has adversely influenced the supply and demand of circulating capital basically in the following three aspects: 1) A large amount of capital was used because of the excessive scale of capital construction. This not only squeezed out some of the circulating capital needed by production and circulation and affected the full operation of production capability, but also squeezed out profits reserved by enterprises and their funds for renewing their equipment. Whether an enterprise is assigned a task of raising funds to carry out capital construction, or expands the scale of its own capital construction would affect its capability for technical reform by aiming at reducing the proportion of circulating capital.

2) Since there were many newly-opened enterprises, a large amount of circulating capital was needed. At present, while carrying out capital construction, generally speaking we do not arrange any basic circulating capital which is linked up with fixed assets. Therefore, the newly-opened enterprises lack circulating capital from the start. People describe this as "giving birth to a baby, but not breast-feeding it." However, since the "baby" has been born, some "milk" is needed. Therefore, loans provided by banks as circulating capital are not enough to go round -- "gruel for three is shared by five." Over the past 2 years, some 20 percent of loans provided by banks as circulating capital went to the newly-opened enterprises. 3) There was a strain on the supply of means of production because of excessive scale of capital construction. This stimulated price hikes of means of production, and more circulating capital was used. According to statistics issued by some localities, about 30 percent of the newly-increased circulating capital was spent because of the rising price of means of production.

2. Some enterprises went in for excessively high speed and slackened their management. Apart from excessiv. scale of capital construction, seeking ultrahigh speed on the part of the existing enterprises also increased the demand on circulating capital in the following three aspects: 1) Almost all enterprises, including large and medium-scaled enterprises and town and township enterprises, sought to increase growth rate of output value, and they competed with each other in this respect. We learned that an increase per 100 yuan in output value needed circulating capital of 30 yuan or so on the average. 2) Since enterprises lacked power to improve their business management, the quality of their products declined. There was overstocking of products. In 1985, the capital which enterprises spent on industrial products and end products accounted for 21 percent of their fixed circulating capital, an increase of 31 percent over 1984. 3) Due to the strain on the supply of raw and processed materials, enterprises vied with each other to store more raw and processed materials, or blindly imported them regardless of cost. This increased the amount of capital earmarked for reserving materials.

3. Although commodity circulation was expanded, the means of financial circulation was insufficient. The national economy was enlivened, commodity circulation expanded, and commerical credit increased. However, due to the insufficiency of the means of financial circulation, more circulating capital was used in the folowing three aspects: 1) Enterprises engaged in production increased the proportion of their own self-production and self-marketing, whereas industrial enterprises did more supplying and marketing business. All this increased the use of circulating capital. 2) Enterprises were in arrears with the payment of goods. The amount of payments receivable and the money paid in advance increased. This affected capital turnover. In 1983, the proportion of such payments receivable and money paid in advance, which were not fixed circulating capital, was 14 percent of the fixed circulating capital. It increased to 18 percent in 1984. The amount of clearing capital of commercial enterprises also markedly increased. 3) There was a large amount of capital held in transit. According to figures issued by joint trades and professions concerned throughout the country, the average amount of capital held in transit was more than 6 billion yuan every day (the figure was based on holding the capital for 5 days on average).

4. Due to the implementation of the supply system of circulating capital, a fairly large amount of circulating capital was not active enough. The supply system of circulation capital was an old problem. Although there was an acute contradiction between supply and demand of circulating capital, the supply system had not yet been shattered. There were still many circulating "pitfalls." 1) The percentage of reserve capital for products was still very large.

This was mainly due to the fact that a fairly large quantity of agricultural and sideline products, which had been purchased, and mineral products, which had been produced, were kept in stock. Some of the reserve capital for products belonged to the state reserve capital, and some belonged to circulating capital which got stuck. 2) The state financial departments allocated circulating capital for enterprises gratuitously. Enterprises concerned can still use it without any compensation. This gives rise to uneven distribution of capital. With regard to circulating capital, new and old enterprises cannot compete with each other from the same starting line. 3) To maintain their "profits," or "take off" the label of losing money in business, some enterprises resorted to deceit by hook or by crook. With regard to some "goods which should be considered as losses in stocktaking" and some other unsalable goods which should be discarded as useless, some enterprises were not willing to handle them financially in accordance with the formalities stipulated by the state. They would rather keep them on the books. Although this caused "false profits and true losses," "less actual profits than reported," the current wage and bonus level of enterprises could be maintained. All this is called "inflated content" [shui fen 3055 0433] of circulating capital. In the past, the state helped enterprises free themselves from such dire straits several times. Now some enterprises still hope that the state will again help them remove the burden and take the risk for them. The problem of the so-called "inflated content" in circulating capital has become a long-standing, big and difficult problem which people describe as "grass that even a prairie fire cannot destroy; it grows again when the spring breezes blow." In some enterprises, the percentage of "inflated content" in circulating capital is as high as about 10 percent. 4) Enterprises stretched out their hands to ask for circulating capital boldly at low interest whether their business was good or bad. Some banks failed to examine applications strictly.

The problems occurring in the four aspects mentioned above are major problems in circulating capital at present and we can see that they are quite serious. Our enterprises' circulating capital has not yet solved the old problems of "large spending, slow turnover, and poor results." On average, circulating capital in advanced capitalist countries passes through 7 to 10 cycles every year. However, there are only 3.5 cycles in our country.

Strengthening and Improving Macroscopic Control Over Circulating Capital

Circulating capital is connected with various fields such as production, distribution, exchange and consumption. Its operation reflects whether social and economic effect is good or bad. Every year, the loans newly allocated by banks as circulating capital account for about 70 percent of the total amount of loans. Only by doing well in macroscopically grasping the key link of circulating capital can we exercise effective control over credit funds.

1. We should take the normal requirement of circulating capital as a means for controlling the scale of capital construction, and the speed of economic development. While organizing capital construction projects, we should consider fixed assets and circulating capital in a unified way. Only by linking fixed assets with circulating capital to form a whole can we carry out production and gain an income. While assessing feasibility of the scale of capital construction, we should consider not only the conditions of energy, communications, materials and funds for capital construction, but also conditions of basic circulating capital. Whether the state, localities, enterprises, towns and townships carry out their capital construction, they should have their own basic circulating capital. This should also be regarded as a means for controlling the scale of capital construction. Capital construction should make way for the circulating capital regularly needed.

Consideration of the needs of circulating capital should likewise be regarded as a means for controlling excessively high speed. The speed of economic development should be based on the feasibility of energy, communications, and materials. Besides, the feasibility of circulating capital should also be taken into consideration.

2. We should continue to deepen economic reform, develop lateral economic ties, and expand commodity circulation of agricultural and sideline products and mineral products. It is only after entering the market that products become commodities, and are circulated. Only thus can products have their own value, and can capital circulation be ensured. Town and township enterprises should place their emphasis on the commercialization of agricultural and sideline products. In the process of developing lateral economic ties, we should turn products into commodities through various forms of economic and technical cooperation. We should also turn unsalable commodities into commodities which sell well. In a word, through developing socialist commodity economy, we should wake up and enliven circulating capital which is "slumbering."

3. We should enhance technical and management level of enterprises, cut down the consumption of raw and processed materials, enhance product quality, spend less funds and speed up capital turnover. In the present fixed circulating capital of the industry, material reserve capital accounts for about 60 percent, and capital for products and finished products accounts for about 20 percent. A situation of the "clumsy fish finding it difficult to swim" has occurred. To change this situation, we should devote our efforts to technology and management, reduce the consumption of materials, and enhance product quality. To do so, we should macroscopically consider the sources of technical reform and funds. We would rather carry out less capital construction than give up technical reform. We would rather let enterprises retain more profits than abandon modernization of enterprises (including modernization of technology and management). In particular, we should support the efforts to upgrade and renew products for export in order to enhance the competitiveness of our products on the international market.

4. We should change the supply system of circulating capital. 1) The state should levy a charge on the circulating capital provided in the past in order to support key enterprises and enterprises manufacturing products for export with circulation capital. 2) We should establish an examination and auditing system for the circulating capital of enterprises, and let enterprises use their own methods to solve stage by stage and group by group the problem of "inflated content" in circulating capital, and prevent the occurrence of new "inflated content." The idea of enterprises fearing to cast off their burdens and not daring to carry out investigation and auditing should be overcome. The more we know about the situation of circulating capital of enterprises, and the "clearer the water in which the number of fish can be fully counted," the better we know about whether these enterprises have done well in carrying out their management and administration, and in observing financial and economic discipline.

In the course of carrying out examination and auditing, we should criticize the specious argument that shifting circulating capital to capital construction, or raising funds for this purpose means "interchanging between circulating capital and fixed assets." These two kinds of things can interchange only through production, circulation, and the intensification of administration and management. The method of promoting direct "interchange" through releasing regular circulating capital will not work. 3) We should follow a system of different interest rates, or floating rates, and make use of interest rates to reward the best and restrict the worst. 4) We should follow a system of letting enterprises replenish their own circulating capital, and enhance their capability of taking risks.

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Enlivening Circulating Capital Microscopically

The problem of the amount of use of circulating capital and its importance to production and circulation are major issues of macroeconomics which should be handled well.

It is also an important aspect of microeconomics which should be enlivened. In the course of promoting their production, enterprises should correct the practice of excessive speed and satisfy the demand of circulating capital to develop production at normal speed.

1. We should exercise a flexible control over the total amount of annual loans earmarked for circulating capital. The amount of circulating capital might be different every month, or every quarter. Basic-level banks should be allowed to flexibly adjust the figures in accordance with the situation in production. The amount of annual loans earmarked for circulating capital is not compulsorily fixed. If basic-level banks receive more deposits, they are allowed to provide more loans for circulating capital. Thus, we will be able to arouse the enthusiasm of local government in paying attention to savings deposits of local banks.

2. We should reform the system of settling accounts and speed up the work. With the development of commodity economy, we should reform the previous system of settling accounts based on planned purchase and marketing by the state. We should vigorously develop the system of using more commercial bills of credit, discount bills and clearing checks. We should speed up the process of computerization of banks. First, we should establish microcomputerized remote data processing networks to speed up capital turnover and minimize the default in payment of cash in transit.

3. We should deal with each case on its merits and avoid demanding conformity in everything. With regard to enterprises which are engaged in manufacturing famous-brand products, new and marketable products, high-quality and cheap products, products which earn foreign exchange for the state, products connected with energy and communications, and products or small commodities in short supply, priority for loans should be given to them. The terms of loans for them should be softened. If something has happened with regard to the business management of an enterprise, we should not give it all-out support. However, if one kind of its products is salable, we should support production of such products. With regard to new, integrated enterprises which develop in the course of promoting lateral economic ties, we should let them open bank accounts, and supply them with loans earmarked for circulating capital. With regard to enterprises which manufacture products in a rough and slipshod way, or produce low-quality, expensive and unmarketable goods, we should not provide them with "benevolent credits."

4. We should tap the potential of circulating capital, and handle the problem of "inflated content" in capital. The key to solving the problem of circulating capital lies in tapping the potentials of enterprises in circulating capital. We should recall loans and promote the sale of products and materials which should be sold at reduced prices (those enterprises which wait for higher price to sell, or keep goods in stock intentionally should pay higher interest rates). We should reduce the amount of materials which are overstocked. Dealing with the problem of "inflated content" might influence financial revenue of some localities. To arouse the enthusiasm of localities, we should appropriately increase the amount of loans for local enterprises, which are earmarked for circulating capital, after recalling loans as a result of the settlement of the problem of "inflated content."

RENMIN RIBAO URGES EMULATING POLITICAL CADRE

HK110539 Beijing RENMIN RIBAO in Chinese 5 May 86 p 1

[Commentator's article: "Thousands of People Like Xiong Yuanqi Are Needed During Our Times"]

[Text] The new historical period makes new demands on ideological and political work. Fine political work cadre Comrade Xiong Yuanqi was one of the exemplary persons who emerged on the ideological front in the new situation of reform and opening to the outside world. His spirit of "self-confidence, self-strengthening, and self-respect" is worth learning earnestly by all political work cadres.

In order to create a new situation in ideological and political work, centering on the central task of energetically developing the productive forces and keeping abreast of the needs of building a highly advanced socialist material civilization and spiritual civilization, we must strive to increase the ideological consciousness and raise the ethical level of the masses of people so that they can develop their enthusiasm, initiative, and spirit of blazing new trails. In the course of reform and opening to the outside world, we must try hard to learn advanced science and technology and managerial experience from foreign countries, and to develop the socialist commodity economy. At the same time, we must resolutely resist the influence of various decadent ideas and overcome erroneous ideas which hamper the progress of reform. Reform and opening to the outside world have put forward new and more arduous tasks for ideological and political work. This has made some comrades think that it is difficult to do ideological and political work and that they do not know how to do ideological and political work. They are unwilling to do, or have neglected and relaxed, work in this respect. Comrade Xiong Yuanqi was also aware that the work had become more difficult and the demands higher. However, he never wavered in his confidence in doing a good job in ideological and political work. He regarded meeting the needs of the party and the people as his sacred task and bounden duty. He advanced amid difficulties and devoted all his energy and gave a brilliant performance at an ordinary post.

Ideological and political work is a science for sculpting human souls. People who only have enthusiasm are not qualified to engage in this branch of science. We have often come across comrades who are "enthusiastic" in doing ideological work but who only indulge in aimless preaching and frequently put on a stern expression and criticize others. Consequently, those who are criticized express their disagreement and those who are educated stay at a respectful distance from them. Why was Comrade Xiong Yuanqi's ideological and political work full of vitality and attractive? An important reason is that Comrade Xiong Yuanqi was not satisfied with doing his work in an ordinary way and constantly improved himself politically and professionally in the spirit of self-strengthening. While carrying forward the fine tradition of the past, he endeavored to explore the characteristics and laws in ideological and political work in the new period; and on the basis of studying Marxist theories, he paid attention to psychology, law, and the science of management. Therefore, he did ideological and political work in a fair and reasonable manner and attained outstanding achievements.

The party and the people need ideological and political workers like Comrade Xiong Yuanqi not simply because he actively publicized the party's principles and policies but also because he did solid work and set an example for others.

There is an old saying: "If a person is an eloquent speaker and earnestly practices what he advocates, he is a valuable asset to the country." Since political work cadres educate others, they should first of all have self-respect and self-esteem and should lay greater stress on setting a personal example than on verbal instructions. As long as a political work cadre can match his deeds with his thoughts and words, and follows what is true, good, and beautiful, he will win the respect and trust of the people and be able to inspire and encourage millions upon millions of people to forge ahead together.

The party and the people are anticipating the emergence of tens of millions of Xiong Yuanqi's. If large numbers of people like Xiong Yuanqi have matured, we shall then have a mighty contingent of ideological workers who are full of combat power and are able to convince and attract others, carry out our ideological and political work with excellent results, and continuously open up new situations in promoting the building of the two civilizations.

GENERAL OFFICES ISSUE CIRCULAR ON HEROES, MODELS

OW112000 Beijing Domestic Service in Mandarin 1100 GMT 10 May 86

[Text] The General Offices of the CPC Central Committee and the Central Military Commission recently approved and conveyed the report made by the Central Propaganda Department and the PLA General Political Department on the results of the PLA Heroes and Models Reporting Group's reporting activities throughout the country.

In the circular approving and conveying this report, the two general offices pointed out: The reporting activities of these heroes and models and the publicity campaign on advanced persons launched on all fronts offer an extremely valuable experience in how to do ideological and political work well in the new period.

In their report to the CPC Central Committee and the Central Military Commission, the Central Propaganda Department and the PLA General Political Department summed up the following experiences by which the PLA Heroes and Models Reporting Group had attained their success:

1. To give widespread publicity to and enthusiastically learn from the advanced deeds of heroes and models is an effective way in extensively carrying out education on Communist ideas.
2. The Communist ideas and lofty ethics of the heroes and models have set a good example for the broad masses of young people to foster their correct world outlook.
3. Workers in the field of ideology and politics must ensure that their own thinking and workstyle are able to pass the stiffest test.
4. Ideological education and propaganda work must be carried out in close connection with the actual situation. They must be realistic and reasonable.

The report made by the Central Propaganda Department and the PLA General Political Department stressed: Propaganda and cultural departments must make it their bounden duty to wholeheartedly publicize typical advanced examples so as to promote a fine general mood of society by means of strong public opinion.

At the same time, the report also pointed out: Right now, many departments and areas have already organized or are beginning to organize the advanced characters in all fields of endeavor to make speeches to the masses.

In doing this type of work, we must carefully select the advanced characters. We must avoid sponsoring too many speeches in one area. It is necessary to make full use of up-to-date propaganda media such as television and audio and video recorders so that activities to give widespread publicity to and learn from heroes and models will be carried out even more extensively and over an even longer period of time.

ARTICLE VIEWS OBSTACLES TO STUDY OF ECONOMICS

HK100746 Shanghai SHIJIE JINGJI DAOBAO in Chinese 21 Apr 86 p 14

[Article by Chen Lebo: "Three Major Obstacles to the Development of Economics Study in Our Country"]

[Text] Our country's theoretical workers have made tremendous efforts to develop the study of socialist economics. However, the level of theoretical research is considerably low. A careful analysis shows that there are three obstacles to the development of the study of socialist economics in our country.

First Obstacle: The Socialist Economic Mechanism Has Not Yet Developed to Maturity

The summary of theoretical law cannot go beyond the development of matter. At present we are arduously exploring ways to reform the socialist economic system. Our country's economic mechanism is now in an unstable state in which the new and old patterns are being applied side by side. Under this situation, we should recognize the historical obstacles to the development of the socialist economic theories and boldly conduct theoretical exploration in light of practice. However, owing to historical reasons, we always used to take the socialist pattern of the Soviet Union as the model. This has severely restricted our thinking. The historical obstacles are holding us back and hindering our progress.

Second Obstacle: Shifting Events Are Coped With by Sticking to a Fundamental Principle

The classical Marxist works, especially Marx' "Das Kapital" which has a perfect structure and contains incisive analyses, have exerted tremendous influence on our country's economists. This is quite natural. However, a matter which goes too far will become the opposite of what was meant. As a result of the influence by the "left" line over the past years, we also have adopted an attitude of unswervingly following only the instructions given in "Das Kapital." That is, only what is said in "Das Kapital" counts, and things which are not mentioned in "Das Kapital" are unorthodox. We just coped with the shifting events by sticking to a fundamental principle, that is, by applying the instructions in the classic example. Applying the instructions in a century-old book in appraising the varied realities of a greatly changed society will invariably result in the ossification of thinking and the separation of theories from social practice. Theoretical work means comparing and analyzing various kinds of different ideas, and truth has to go through a course of setbacks before it can be grasped by the people. This is the normal process of scientific work and a prerequisite to scientific development. However, due to the lack of an absolute demarcation line between a political problem and an academic problem, and as a result of the influence by the "left" ideas of "putting politics in command" as in the past, a deviation in expressing and understanding a problem might even stir up an unimaginable political storm so that the development of our studies of socialist economics meet huge obstacles as far as theoretical research and work style are concerned, the analyses and studies of the traditional Marxist economics are often labeled as anti-Marxist, and the use of the Western economic theories for reference is sometimes regarded as "wholesale Westernization."

There is also the question of an all-round, complete understanding of "Das Kapital." For a long time in the past, instead of proceeding from the process of operations and the internal contradictions of the socialist economy, the study of the socialist society mechanically analyzed and applied the standards and categories of the capitalist society.... As a result, the quintessence of the Marxist economic theories was not duly developed under the new conditions.

Third Obstacle: Academic Problems Are Mixed With Political Problems

In the course of academic research, some patterns which have long been publicly acknowledged as correct have often aroused doubts, and some of the things which have been fully proved to be wrong have often attracted close attention and been elaborated on. For this reason, a great deal of economic information is passed on through internal channels and the research on economic theories is "suffocated." Once learning is equated with politics, political leadership naturally becomes academic authority. In this situation, the most important task of theoretical work is neither to serve policymaking nor to open up new domains, but merely to serve the policy.

No one will deny that the above-mentioned situation has greatly changed over the past few years as a result of the urgent social demand for economic restructuring. However, we must also see that because of the low level of our social economic theories, we are lagging rather far behind in the planning of reforms, the making of ideological preparations, and the training of cadres. For this reason, it is necessary for us to reexamine the obstacles we have met in developing the socialist economic theories, to reconsider the status of the socialist economic theories as a subject of study and the conditions for its continuous development, and to make clear what kind of studies are "unhealth trends" in the study of economic theories.

SU SHAOZHI ARTICLE CALLS FOR ACADEMIC FREEDOM

HK120430 Shanghai SHIJIE JINGJI DAOBAO in Chinese 21 Apr 86 p 2

[Article by contributing commentator Su Shaozhi: "Now There Is Greater Need To Make Bold Explorations"]

[Text] The ongoing economic structural reform is the second major change following the socialist transformation of the private ownership system of the means of production after the victory of our proletarian revolution. It is a change, reform, and innovation, and an experiment, so no ready-made solution for it can be found in the classical works of Marxism.

Marx and Engels mainly analyzed capitalism, they did not have practical experience in building socialism. Lenin used much of his energy to deal with the civil war after the October Revolution, and then he put forth the new economic policy after the victory of the civil war. I think that Lenin's new economic policy was the first trial to reform the economic system. However, because Lenin's health failed and he died too early, his economic policy was soon replaced by Stalin's theory and practice and was not seriously and fully implemented. It can be said that the economic structural reform is still in the stage of practice, and the theoretical foundation has yet to be established.

Therefore, when carrying out reform, we should not be afraid of running some risks. Stalin's economic model has existed in China for more than 30 years, and has not been thoroughly changed although we have found various defects in this economic system. The main reason is that we are still afraid of running risks and committing mistakes. In fact, maintaining an old system that is not suited to the development of the productive forces and the times is itself a big mistake.

Of course, we should do our best to advance reform prudently and steadily. However, it is impossible to avoid all risks. Reform without any risk is not reform at all. It is unavoidable that errors may appear in the course of reform. In fact, the prolonged existence of the old system itself has caused many errors, but as people are accustomed to the old system they do not deeply realize these. However, they are very sensitive to minor errors and changes in the course of reform, because they are not used to the new things. Therefore, when observing and assessing the situation of reform, we should soberly distinguish the mainstream from nonessential phenomena and believe that transient and nonessential problems can be resolved through further reform.

To carry out reform, we should dare to break through some dogma in the traditional textbooks, as well as some major conclusions in the classical works of Marxism. For example, when reform is carried out in a socialist country, it is inevitable that theoretical studies will first be made on the relationship between plans and markets. The biggest problem in the old system is the viewpoint that holds that plans and markets are contradictory and repulsive to each other and that the socialist planned economy must be based on a product economy rather than a commodity economy. So, our reform must first break through this dogma and raise the viewpoint that the socialist planned economy should still be placed on the basis of a commodity economy. The resolution adopted by the 3d Plenary Session of the 12th CPC Central Committee put forth a new concept of a planned commodity economy, and this represents a major breakthrough in Marxist theory. Following this major theoretical breakthrough, we still have to continue our explorations in both theory and practice. We should consider things in light of the regularity of the socialist commodity economy; discard all old concepts, ideas, practices, conventions, and systems that are no longer suited to the socialist commodity economy; and adapt all aspects of our social and economic life through reforms to the requirements of the development of the socialist commodity economy. To carry on reform successfully, we still have to make a series of breakthroughs. Reform itself is a breakthrough. Negating the need to make breakthroughs is equal to negating reform.

Since reform will break through some major Marxist conclusions, it will certainly bring about new phenomena, new questions, and new opinions. It is certain that our political economic textbooks and some concepts, categories, and viewpoints in the classical works of Marxism will not be able to satisfy the needs and need to be updated. The new questions include the increase in the number of white-collar workers in developed capitalist countries; the increasing role of science and technology in creating value; the increasing proportion of tertiary industry in the economy; the extensive use of computers and robots; the appearance of systems engineering, cybernetics, informatics, depletion structure theory, and other research methodologies; and the consolidation of the ruling part in a socialist country, the socialist commodity economy and the market mechanisms in a socialist country, and employment and fund-raising under the socialist system... along with the appearance of the new phenomena and new questions, there must be new concepts. Through sublation, we can also assimilate some new concepts developed by contemporary scholars in developed capitalist countries. Marxism itself is an open doctrine. When writing "Das Kapital," Marx quoted many works by bourgeois economists and made use of their concepts. As we all know, the three sources of Marxism summarized by Lenin are not proletarian theories at all. If Marx were alive today, he would not turn a blind eye to all sorts of new ideas and concepts. In order to carry out reform, we must assimilate new ideas and put forth new concepts. Of course, we should assimilate other people's things in a critical way.

In view of the current situation in our country, I think that a major obstacle to our ongoing reform is the lack of theoretical explanation of our reform. This is partly because we have not given full scope to free academic discussion. We tend to recklessly attach the label of "bourgeois liberalism" to some new opinions, and this makes our minds too tightly bound by the traditional ideas and discourages us from developing theory from our real life. As a result, our theory lags behind our practice. Our theorists are used to writing stereotypes or repeating empty talk that seems correct at any time and in any circumstances. This style will certainly obstruct our reform.

Modernization and democratization is the objective of our struggle. Reform of the economic and political systems is a way to reach this objective. In order to advance the reform, we should seriously carry out the principle of letting "a hundred flowers bloom and a hundred schools of thought contend," and should encourage free academic discussions. We should oppose the practice of recklessly denouncing some academic theories as "liberalism." Historical experience tells us that attaching a political label to an academic issue will never lead to a good result. What we need now are bold explorations.

ZHU HOUZE ATTENDS SHANGHAI CULTURAL FORUM

OW102055 Beijing XINHUA Domestic Service in Chinese 1545 GMT 10 May 86

[By reporter Zhao Lanying]

[Text] Shanghai, 10 May (XINHUA) -- Over 300 experts, scholars, and scientific research personnel from Beijing and Shanghai gathered together here today to discuss and study the "Draft Proposal on Strategy for Shanghai's Cultural Development" as well as the some 100 relevant papers and investigation reports, and to suggest ways and means for forming a strategy to promote culture in Shanghai.

The activities in studying the strategy to promote culture in Shanghai constitute an important step adopted by the Shanghai Municipal CPC Committee in implementing the policy of the central authorities to simultaneously develop the "two types of civilizations." These activities have aroused widespread attention from people of all walks of life since they began to develop in March last year. Over 400 professors, experts, scholars, and scientific research personnel in Shanghai have written more than 100 papers and investigation reports on Shaghai's cultural development. These investigation and research activities have delved, in a preliminary way, into the history and the current situation in promoting cultural development in Shanghai, pointed out the way to deal with the situation, and provided a solid basis to bring about a balanced development between Shanghai's culture and economy and among the various cultural departments in the city.

The forum which opened today is the continuation and extension of the aforementioned study activities. At the forum, Rui Xingwen, secretary of the Shanghai Municipal CPC Committee, said: The aim in forming a strategy to promote cultural development in Shanghai is to foster a new style of work and bring up one generation of "new Shanghai landers" after another. Rui Xingwen said: Shanghai already has two strategic plans -- the "Shanghai Economic Development Strategy" and the "General Plan for Shanghai's Urban Development." The "Strategy for Promoting Cultural Development in Shanghai" now being studied is the third plan. With these three plans, Shanghai will be able to do a good job implementing the "Seventh 5-Year" Plan and make even greater contributions for the whole country.

Zhu Houze, head of the Propaganda Department under the CPC Central Committee; Xia Yan, vice chairman of the China Federation of Literary and Art Circles; Gao Zhanxiang, vice minister of culture; and many scholars and responsible persons of various departments in Beijing made special trips to Shanghai to attend this forum. Also attending today's inaugural ceremony were principal responsible persons and some celebrities in Shanghai.

IMPORT OF AUTOMOBILES TO BE STRICTLY CONTROLLED

HK100710 Beijing ZHONGGUO XINWEN SHE in Chinese 1343 GMT 8 May 86

[Text] Beijing, 8 May (ZHONGGUO XINWEN SHE) -- Our reporters have learned from the China Automobile Marketing Service Company that the recession in the automobile market in China which arose in the latter half of last year has not been alleviated yet. This year, the output of automobiles will be maintained at the same level as last year, and the import of automobiles will be kept under strict control.

The prices of most China-made automobiles have dropped by 20 to 40 percent on average. The price of a Jiefang brand truck has dropped by 9,000 yuan, that of a Dongfeng brand truck by 6,000 yuan, that of a Huang He brand truck by 20,000 yuan, and that of a Yuejin brand truck by more than 10,000 yuan.

According to a source concerned, there are many contributing factors for the recession in the automobile market. Now that the government is exerting strict control over credit extension, some car purchasers who intend to buy do not have enough money. Meanwhile, many automobiles are lying idle due to a domestic shortage of gasoline. In addition, the domestic automobile market had a strong impact from the large number of cars imported in 1984 and 1985. A series of preferential policies such as the lifting of restrictions on the purchase of cars by non-individual consumers, lowering of prices, and the method of hire purchase were adopted.

The same source pointed out that the Chinese automobile market is now fluctuating and is about to recover.

STATE CONTROL OVER MATERIAL RESOURCES RELAXED

OW111407 Beijing XINHUA Domestic Service in Chinese 0729 GMT 11 May 86

[By reporter Wu Jincai]

[Text] Beijing, 11 May (XINHUA) -- To relax the control over the goods and materials market gradually, China has established social balanced planning system for a number of important means of production.

According to information provided by the State Bureau of Materials and Equipment, in the past, the various kinds of means of production were mainly distributed by the state according to unified planning. However, following the progress of the reform in recent years, the number of goods and materials under unified state planning and distribution has reduced from 256 kinds in the past to last year's 2 kinds. At the same time, the kinds and quantity of goods and materials under the control and disposal by the various enterprises and localities have increased, and the state materials and equipment departments are undergoing a gradual transition from direct to indirect control over goods and materials.

To maintain a balanced situation between the demand and production of goods and materials of the whole society, China has established some systems for balanced social planning.

At the beginning of each year, the State Bureau of Materials and Equipment will conduct an investigation of goods, materials, and resources of the entire society with attention focused on the total availability of steel products, lumber, cement, and coal; prepare a plan for social demands according to the results of the investigation; and apportion resources, goods, and materials according to the needs under state unified planning, the needs of local and department distribution, and of the market. At the same time, the various areas, cities, departments, and even the enterprises will work out their own balanced plans according to their own needs.

The new system adapted to the new market situation has provided the basic data for making macroeconomic decisions in production and construction. In preparing annual plans over the past several years, the state planning departments were able to make prompt readjustments in production and construction based on the availability of material resources as reflected in the balanced planning for goods and materials. Thanks to balanced regional planning, many localities have been able to analyze their advantages and disadvantages in material resources; make adjustments according to these advantages and disadvantages; and promote stable and healthy economic growth.

Thanks to the new balanced planning of materials, a number of steel mills in Wuhan City were able to exchange their surplus steel products for nonferrous metals with neighboring Hunan Province and galvanized iron and thin steel plates with Guangzhou City, thereby solving a difficult problem of material shortage in production. Thanks to increased production over the past several years, many goods and much equipment in short supply in the past have become plentiful. This tendency can also be promptly reflected in social balanced plans for material resources. When coal supply became relatively plentiful, Hunan Province made a macroeconomic adjustment to coal production according to the balanced planning. It limited the production of coal mines with low output which produce poor quality coal but continued to give support to small coal mines that had shown good economic results, thereby adapting coal production to market changes.

It is reported that the state materials and equipment departments have decided to further perfect social balanced planning for materials. This year, eight kinds of materials, namely heavy oil, copper, aluminum, lead, zinc, tin, sodium carbonate, and caustic soda will be included under balanced planning.

'NATIONWIDE NETWORK' SET UP TO SUPERVISE PRICES

OW110143 Beijing XINHUA in English 0137 GMT 11 May 86

[Text] Beijing, May 11 (XINHUA) -- The All-China Federation of Trade Unions and the State Administration of Commodity Prices have recently issued a joint circular on setting up a nation-wide network in the urban areas to supervise prices to protect the consumers' interests.

The circular says that this is an effective form for the people to directly participate in the state economic administration.

According to the circular the network will be empowered to fine and confiscate illicit income up to a certain amount and help departments of commodity prices deal with illegal activities concerning prices.

Workers' Supervision Stressed

OW092059 Beijing XINHUA Domestic Service in Chinese 1218 GMT 9 May 86

[Text] Beijing, 9 May (XINHUA) -- The All-China Federation of Trade Unions and the State Administration of Commodity Prices recently issued a joint "Circular Concerning Strengthening of Commodity Price Supervision and Inspection by Workers and Staff," calling on all localities to adopt effective measures to place workers' supervision and inspection of commodity prices on the agenda and to strive to institute and perfect a commodity price supervision and inspection network that combines full-time personnel and the masses of people.

The "circular" said: Workers' supervision of commodity prices is an effective way for the masses to take part in managing national economic affairs, as well as an important component of the economic supervision of the market. The current nationwide workers' price supervision and inspection has contributed to safeguarding the interests of the state and consumers, stabilizing market prices, and ensuring the smooth progress of pricing reform, and it has been well received by party committees and people's governments at various levels, as well as by the broad masses of people.

The "circular" urged all cities to set up workers' price supervision organizations. Those that have already set up such organizations should further consolidate and improve them. All cities should establish a workers' price supervision general station to take charge of the planning and guidance of local workers' price supervision activities. Trade unions, price administration departments, and other departments concerned in all localities should take concerted action and share responsibility in carrying out the work. All city and county trade unions and price administration departments should assign competent cadres to ensure success in the work.

The "circular" also urged local price administration departments to delegate powers to and outline procedures for imposing a fine and confiscating illegal income by workers' price supervision organizations and price inspectors on the basis of their experience and ability. However, they should report cases involving violations of regulations not covered under their jurisdiction to price administration departments, and assist them in investigating the cases.

REGULATIONS ON RESEARCH UNITS' WORK RELAXED

OW090745 Beijing XINHUA in English 0658 GMT 9 May 86

[Text] Beijing, May 9 (XINHUA) -- A new government regulation made public today allows China's 5,000 research institutes to accept research projects from non-governmental institutions.

Under the new rule, research institutes will be able to work with Chinese enterprises, design units and universities and arrange for personnel and manage their own financial affairs without checking with central government authorities. However, the projects must still accord with the general tasks set for the institutes by central government officials, according to a provisional regulation of the State Council, China's highest governing body.

The regulation also allows the institutes to earn tax-free income from new technology they develop as well as from other services they provide. "The goal is to stimulate the institutes to boost the country's scientific and technological development," according to a State Council statement.

ANHUI DISCUSSES 'SERIOUS' SMUGGLING PROBLEM

OW090511 Hefei Anhui Provincial Service in Mandarin 1000 GMT 8 May 86

[Text] The second Anhui provincial antismuggling conference cosponsored by the provincial public security department, the provincial communications department, the provincial taxation bureau, and the Wuhu Municipal Customs House concluded today. Under the guidelines set forth by the fourth conference sponsored by the State Council on deterring smuggling activities in three coastal provinces in southeast China, the participants discussed measures to intensify Anhui's antismuggling operations, examined the current situation, pledged closer cooperation among themselves, and studied the relevant policies.

In view of the smuggling activities and antismuggling force in Anhui the conference discussed the issue of trading in smuggled automobiles in Anhui. The conference maintained that the situation of smuggling and trading in smuggled goods is quite serious today and that smuggling and trading in smuggled goods by state-operated and collective units are the most blatant.

As shown by some major cases that have been cracked, there are many ways to smuggle goods into Anhui, and most of the great variety of smuggled goods are commodities that can yield a windfall or at least a handsome profit. The meeting urged the public security, communications, taxation, and business administration departments as well as the customs house to work in close coordination to investigate the trading in smuggled automobiles and handle the cases according to law.

Ye Rongyun, chief of the Wuhu Municipal Customs House, briefed the participants on the situation. He also made an important speech about certain specific policies. Shi Jiyu, [words indistinct] of the Anhui Provincial People's Government, addressed the meeting. Also present at the meeting were comrades of the public security, taxation, and communications departments of Hefei, Bangbu, Wuhu, Anqing, Tongling, Huainan, Huabei, and Maanshan Municipalities.

Commentary on Antismuggling Efforts

OW090537 Hefei Anhui Provincial Service in Mandarin 1000 GMT 8 May 86

["Short commentary": "Firmly Rebuff Smuggling and Trading in Smuggled Goods"]

[Text] Currently, China is enjoying political stability and unity and economic prosperity. Reforms and the policy of opening to the outside world and enlivening the domestic economy have accelerated the nation's modernization process and brought profound changes in our country's economic and social outlook. However, under this gratifying situation there are certain problems. One of them is the rampant smuggling activities and the trading in smuggled goods.

On smuggling and trading in smuggled goods, some comrades in our province have treated the matter lightly, thinking that the problem is not serious in an inland province like Anhui. (?They cannot be more wrong.)

We must realize that following the implementation of the policy of opening to the outside world and enlivening the domestic economy, as well as the development of lateral economic ties among various regions, the relations between interior areas and coastal ports have become much closer; and large quantities of smuggled goods have been brought into the inland areas through the many joint ventures and various other channels from the coastal areas in southeast China.

We must clearly realize that certain state-operated and collective enterprises and institutions, to benefit a small number of people in their region or department, have resorted to all kinds of tricks to evade taxes and engage in smuggling and trading in smuggled goods, disregarding party discipline and state laws and taking advantage of loopholes in state policies and regulations. Since the antismuggling struggle that we have launched is meant to safeguard our national sovereignty and our socialist system, it is a serious political as well as economic struggle. Our customs houses, public security, taxation, and business administration departments, which have the responsibility to deter smuggling activities, must realize the seriousness of this issue and work closely to carry out the antismuggling struggle through to the end.

JIANGSU'S HAN PEIXIN INSPECTS MARTYRS CEMETERY

0W111150 Nanjing Jiangsu Provincial Service in Mandarin 1000 GMT 9 May 86

[Excerpts] The Yuhuatai Martyrs Cemetery construction committee held its fourth meeting today. Leading comrades of Jiangsu Province and Nanjing City were invited to attend. The leading comrades examined the overall construction plan and detailed construction plans, heard a report on the progress of construction, and inspected the construction site. The attending comrades approved the construction plans for the martyrs monument, the memorial pavilion, and the East and South Gates. They offered many valuable views on the sculptures on the monument. Han Peixin, Sun Jianzheng, and other leading comrades inspected the construction sites of the Yuhuatai martyrs monument and the memorial ring.

WAN SHAOFEN ATTENDS CLOSING OF PEOPLE'S CONGRESS

0W111140 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 10 May 86

[Excerpts] The Fourth Session of the Sixth Jiangxi Provincial People's Congress came to a successful close. A closing meeting was held at 3 pm today at the Bayi Auditorium in Nanchang. Some executive chairmen of the presidium of the fourth session served as the executive chairmen of the 10 May closing meeting. They were Wan Shaofen, Xu Qin, Wang Shufeng, Wang Zemin, Zheng Xiaoxian, Liang Kaixuan, Huang Xiandu, Peng Shengxi, and Liu Bin.

Seated on the rostrum were members of the presidium of the session, and the leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial government, the Jiangxi Military District, the provincial Higher People's Court, the provincial People's Procuratorate, and the provincial CPPCC Committee, who were attending the meeting on invitation. They included Liu Fangren, Ni Xiance, Bai Dongcai, Wang Zhaorong, (Lu Xiuzhen), (Wang Zhihua), Zhao Zhijian, Zhao Zengyi, Di Sheng, Zhu Zhihong, Qian Jiaming, (Sun Xiyue), (Chen Guisun), Li Yanling, (Li Ying), Wang Shuheng, Wu Ping, Yang Yongfeng, Liu Jianhua, Li Shanyuan, Jin Liqiang, and Wu Yunzhong. Three veteran comrades were also attending the meeting on invitation and sitting on the rostrum. They were Zhang Yuqing, Li Fangyuan, and Xie Xianghuang.

The closing meeting was presided over by Wang Zemin, an executive chairman of the session. First, by a show of hands, it adopted the Seventh 5-Year Plan of Jiangxi Province and a resolution on the report on the Seventh 5-Year Plan. It also unanimously adopted the resolutions on the 1986 economic and social development plan of Jiangxi Province, the final provincial accounts for 1985, the provincial budget for 1986, the report on the work of the provincial People's Congress Standing Committee, the report on the work of the provincial Higher People's Court, and the report on the work of the provincial People's Procuratorate.

HUBEI: GUO ZHENQIAN ON SEVENTH 5-YEAR PLAN TASKS

HK090147 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 8 May 86

[Excerpts] Acting Governor Guo Zhenqian stressed in his report on the draft Seventh 5-Year Plan for Hubei that to ensure the successful fulfillment of the plan, it is essential to carry out economic structural reforms in depth, harmonize the various economic relationships, and promote sustained, steady, and coordinated development of the national economy. At present the focus should be on consolidating, digesting, replenishing, and perfecting the fruits and measures of reform and on creating conditions and laying the foundation for taking new strides in reform next year and the year after.

In rural reforms, we should uphold and perfect the contract responsibility system with payment linked to output based on the household, actively develop cooperative economy in various forms, further perfect the contract system for purchasing agricultural and sideline products, and also continue to rationally readjust the rural production structure and stimulate the development of commodity production.

In urban reforms, we must continue to do a good job in grasping the cardinal link -- invigorating the enterprises, especially the large and medium enterprises, vigorously promote lateral economic ties, and lead forward reforms in other fields.

Acting Governor Guo Zhenqian said in his report that the province must strictly control investment in fixed assets during the Seventh 5-Year Plan, readjust the investment structure, and concentrate finance and material for key construction projects so as to strengthen the reserve capacity for economic development.

He said: The general principle of the investment structure in the next 5 years is to focus on productive construction, on construction for raw materials, energy, and communications, on technological progress, and on transformation through applying internal factors. According to this principle, we must resolutely cut nonproductive construction. Except for essential tourism facilities, we must cancel projects for constructing high buildings, halls, and centers. Investment in residential housing must also be controlled to a certain proportion. We must increase investment in agriculture, primary industries, and infrastructure, cut investment in general processing industries, appropriately increase investment in science and technology and education, and increase the proportion of investment in technological transformation.

Guo Zhenqian said: We must continue to strengthen the agricultural foundation during the Seventh 5-Year Plan and rely on the policies and on science to develop our strong point in grain and stabilize our strong point in cotton. We must vigorously develop township enterprises, give free rein to diversification, and promote the healthy development of the rural economy.

Grain and cotton are two strong points in Hubei's agriculture. In readjusting the rural production structure, we must ensure steady growth of grain and cotton production. At the same time we must give free rein to diversification in light of market needs and natural conditions.

BRIEFS

HUBEI COTTON SOWING -- The province has basically completed cotton sowing. By the end of April, the province had sown cotton on 6.92 million mu, about the same level as last year. The provincial government has allocated some 88 million yuan to help cotton production. [Summary] [Wuhan Hubei Provincial Service in Mandarin 1000 GMT 7 May 86 HK]

HEBEI'S XING CHONGZHI ON SPIRITUAL CIVILIZATION

SK070948 Shijiazhuang HEBEI RIBAO in Chinese 23 Apr 86 p 1

[Text] On the morning of 22 April, at the meeting to exchange experiences in the publicity of the spiritual civilization held by the national journalist association and the provincial journalist association, Xing Chongzhi, secretary of the provincial CPC Committee, said that it is necessary to adhere to the principle of grasping the two civilizations simultaneously in a conscientious and persistent manner, and with correct methods and forms.

On the same morning, Comrade Xing Chongzhi visited the delegates to the meeting at the Baoding Hotel, and also attended the meeting. After listening to reports on the building of the spiritual civilization given by responsible comrades of the PLA units stationed in Baoding, and the Baoding Prefectural and City CPC Committees, Comrade Xing Chongzhi pointed out: Our province's activities to build the socialist spiritual civilization cooperatively by armymen and civilians were initiated by the PLA with the guidance of the correct principles of the CPC Central Committee, and were popularized with the concern of the central leading comrades. However, we should pay attention to refraining from an overestimation of the results of the activites, and should be realistic. We should overcome the habit of regarding the work of pilot units as that of a large area, which has been established for many years, and make a success of both qualitiative analysis and quantitative analysis. We should carry out the work in a down-to-earth manner, encourage or comment the units which have done a good job by conferring honorary titles on them, and cancel the honorary titles of those which are not up to the standard. He said: When coming to Baoding of our Hebei Province, you comrades should visit both the advanced and the backward units, and should both sum up experiences and discover and study problems. Journalists are fairly keen in thinking. We hope that you will offer more valuable opinions on the work of our province in order for us to implement the directives of the CPC Central Committee, and carry out our work more successfully.

SHANXI LEADERS ATTEND YOUTH DAY CELEBRATION

HK050237 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 4 May 86

[Excerpt] Some 7,000 Taiyuan youths and juveniles gathered in the sports stadium on 4 May to celebrate the 67th anniversary of the 4 May movement and the opening of the city youth arts festival. Present were Li Ligong, Wang Senhao, Wang Jiangong, Lu Gongxun, Zhang Changshen, Wang Maolin, and other leading comrades of the province and city.

SHANXI SECRETARY INSPECTS URBAN CONSTRUCTION SITES

HK100133 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 9 May 86

[Exerpts] On 8 and 9 May, Shanxi Provincial CPC Committee Secretary Li Ligong listened to reports given by leading comrades of the Yuncheng City CPC Committee and government on urban construction and carefully inspected the blueprints for construction work. He also viewed four road sections where construction is being speeded up. He said: In the construction work, the departments should adopt the method of putting projects up to tender and sign contracts with the construction units to ensure the quality of the projects. It is essential to solve properly the problems of supplying (?water) and heat. This city should be built into a clean and civilized city.

PRC FOREIGN MINISTRY SETS UP TAIWAN AFFAIRS OFFICE

OW101328 Beijing in Mandarin to Taiwan 1500 GMT 9 May 86

[Text] In answering reporter's questions here on the afternoon of 7 May, Ma Yuzhen, press spokesman of the Foreign Ministry, confirmed that his ministry had set up a Taiwan Affairs Office. He said: The mission of this office is to implement the Chinese Government's policy and principles of peacefully reunifying the motherland, handle international affairs involving Taiwan, and defend China's sovereignty.

ZHONGGUO TONGXUN SHE COMMENTS ON CAAC MESSAGE TO CAL

HK121510 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1410 GMT 12 May 86

[Commentary by Tian Ye: "It Is a Good Thing That Taiwan Confirms the Receipt of the Telegram" -- ZHONGGUO TONGXUN SHE headline]

[Text] The "China Airlines [CAL] issue" has remained unsettled for about 10 days. The Civil Aviation Administration of China [CAAC] sent its first telegram to CAL, calling on the latter to send representatives to discuss the problem of receiving its airplane and crew. However, nothing has been achieved so far. On 11 May, CAAC sent its second telegram to CAL, calling on it to begin discussion without delay.

In its second telegram, the CAAC unambiguously says that the problem of returning the airplane and the crew is "purely a business matter without any political implications between two civil airlines," that the purpose of the talks is to "ensure the safe return of the airplane and of the crew to Taiwan," and that the CAL can propose a place for holding the consultation talks. By stressing that only business, not politics, will be discussed and, in particular, by clearly stating that the place for the talks is negotiable, the CAAC has created favorable conditions for the talks.

However, the relevant Taiwan officials still insist on negotiations through a third party. Is this not too stubborn and too unreasonable? Both the CAL and the CAAC are civil airlines. Why, when a business problem arises between them, can they not focus on the problem and handle it without involving a third party? Sportsmen from both sides of the Strait can participate in the same international tournaments, including the Olympic Games. Then why can the civil aviation personnel on both sides of the Strait not sit down and discuss the problem of returning an airplane and its crew? Since the CAAC has indicated that "political issues will not be involved," CAL should take advantage of this and focus on solving the problem of getting back its airplane and crew.

Things are a little different this time from when the CAAC sent its first telegram. Liu Te-min, chief of the Civil Aviation Administration under Taiwan's Ministry of Transportation, and Lin Liang-chih, have publicly confirmed the receipt of the second telegram sent by the CAAC. This is a praiseworthy realistic attitude. It is hoped that this realistic attitude can help CAL to settle the CAL issue.

TAIWAN AGREES TO DISCUSS PLANE ISSUE WITH PRC

HK130320 Hong Kong AFP in English 0802 GMT 13 May 86

[Text] Taipei, May 13 (AFP) -- Taiwan Tuesday said it had offered to talk with China for the return of a jet freighter, two crew members and the cargo, in what would be the first official contact between the two rivals since 1949.

In desperate efforts to save the crew on humanitarian grounds, we have asked Cathay Pacific Airways to inform our decision to Communist China's aviation authorities," said Lin Liang-chih, spokesman for Taiwan's flag carrier China Airlines (CAL).

(A Civil Aviation Administration of China (CAAC) spokesman in Beijing Tuesday said he had not heard of the CAL announcement, and Foreign Ministry representative declined comment.)

CAL earlier had asked Cathay Pacific, based in Hong Kong, to act as its representative in talks in Beijing, after the Boeing 747 carrying 214,000 pounds (96,525 kilograms) of general cargo was diverted to Guangzhou in southern China May 3 by Captain Wang Hsi-chueh.

The 56-year-old pilot, who left a wife and children in Taiwan, asked to be able to live in China and unite with his father, 82, and brothers. The two other crew, co-pilot Tung Kuang-hsing, 57, and engineer Chiu Ming-chih, 39, have said they wanted to return to Taiwan.

Mr Lin said CAL would assign its Hong Kong representatives to discuss the matter in the British colony with CAAC officials. He added: "The landing of the aircraft in Guangzhou is a pure aviation incident and negotiations on the return of the plane, the crew and cargo should be considered only as business.

A high-ranking official said talks would not be the beginning of further official contacts which could eventually lead to peace negotiations.

Earlier, CAAC had asked CAL in two telegrams to send representatives to China for direct talks to settle the issue, but CAL had refused.

Taiwan is ruled by Nationalists who moved here after losing to the Communists in a civil war.

"It would be naive to speculate that the aviation discussions would open dialogue between the two sides since we don't consider it has anything to do with politics," said the official who declined to be identified. "Our policy of 'no contact, no talk, no compromise' with the communists remains unchanged except in this event when the lives of our two people are involved," he added. If there was any political significance it was that Taipei was not so rigid when a matter concerned the safety of its people, he added.

(In Beijing, diplomats said the talks offered today by CAL on the cargo jet would signify a major victory for Beijing which had taken a most determined stand in recent days over the hijacked aircraft. But it was too early to say if Taipei's move indicated a change in its policy toward the mainland, the diplomats added. They noted that such talks would be the first official contact between Taipei and Beijing since 1949.)

(In Hong Kong earlier Tuesday a pro-Beijing newspaper said China had disposed of the cargo and was prepared to pay compensation for the goods. The TA KUNG PAO newspaper, quoting an unnamed senior Chinese official, said some of the cargo such as durian fruit had been sold, while rotten garoupa fish had been destroyed in Guangzhou. The official said China would compensate the traders concerned when talks proposed by Beijing were held between the CAAC and CAL. The official said the two crew members who requested to return to Taiwan were in good condition and lodged at a comfortable guesthouse in an undisclosed place, the paper added. In Hong Kong, Cathay Pacific spokesman D.J.T. Bell decline to comment. A ranking official with the firm who asked not to be named confirmed to AGENCE FRANCE-PRESSE that Cathay had "played a role" in the matter.)

CENTRAL DAILY NEWS CLAIMS CAL PLANE 'FORCED' TO PRC

OW101037 Taipei CNA in English 1009 GMT 10 May 86

[Text] Taipei, May 10 (CNA) -- A major Taipei newspaper said Saturday that the pilot of the China Airlines B-198 all-cargo jetliner was very likely to have been forced by Communist Chinese secret agents stationed in Bangkok to divert to the China mainland. The CENTRAL DAILY NEWS said in an editorial that the CAL plane's cockpit links with its cargo compartment. "Let's suppose that communist agents had sneaked into the plane before it took off from the Bangkok airport," the paper said, "they could easily reach the cockpit and force the CAL pilot to switch to Canton during its flight to Hong Kong."

The paper said that the supposition is not irrational because the Chinese Communists have often used depraved means to attain its purposes. The paper said that the cargo jet landed at the Canton airport at 3:10 p.m., but its pilot Wang Hsi-chuh didn't leave the plane until 4 p.m. During that 50 minutes, the Communist Chinese security agents apparently made some arrangements, the paper said. It continued that under Communist arrangement, Wang met his father in Peiping. But both of them were not particularly excited. Moreover, Wang's statement made at the press conference in Peiping was not an expression of his own free will. "The script was apparently prepared by Communist cadres because it was full of communist cliches," the paper said. The reasons that Wang gave for his "defection" were not convincing. His complaints about CAL were also ridiculous and groundless, the paper noted.

It further pointed out although the Communist authority claimed that co-pilot Tung Kuang-hsing once telephoned his wife in the United States from Canton, he and Chiu Ming-chih, flight engineer, has not yet been allowed to meet foreign journalists. The paper suspected that Tung and Chiu might have been injured in a fight with Communist agents during the diverted flight to Canton. "They, therefore, cannot appear in public," the paper said. The CENTRAL DAILY also stressed that the government should stand firm and not talk directly with the Chinese Communists for the release of the plane and its crew members. "We should entrust a third party to negotiate with Peiping," the paper asserted.

COMMENTARY ASSESSES NEW PRC TAIWAN AFFAIRS OFFICE

OW110311 Taipei International Service in English 0200 GMT 6 May 86

[Station commentary]

[Text] The Chinese Communists' Ministry of Foreign Affairs announced last week that it had established a Taiwan Affairs Office to handle international problems related to the Republic of China.

In recent years the Chinese Communist authorities have set up several types of Taiwan offices in their governmental and party organizations from the state level downward. These so-called Taiwan offices operate with a single objective, that is, lowering the vigilance of free China by continuously making sweet promises and telling beautiful lies. Last year Peking reportedly spent 58 million dollars to finance the operation. However, Peking's efforts in this regard have come to nothing because the people in Taiwan understand the Chinese Communists too well to be deceived. Furthermore, economic and social disparity between Taiwan and the mainland is so great that Peking's offering of the Trojan horse has often boomeranged. As a result, Red China is shifting the emphasis overseas. It has put out an overseas edition of the PEOPLE'S DAILY in an effort to swing the viewpoint of the large Overseas Chinese community, hoping to turn the tables this way.

At the same time, Peking is trying to persuade other countries to believe that the Republic of China or Taiwan is merely a renegade province. The Office of Taiwan Affairs under Peking's Foreign Ministry was created for this very purpose. This is reflected in the fact that the new setup is supposed to be similar to the Hong Kong and Macao Affairs Office, set up in the same ministry last May to liaise with Britain and other countries (?on) foreign relations aspect of Hong Kong's 1997 transfer to Peking. In other words, Peking is attempting to persuade other countries to believe that Taiwan is not different from Hong Kong and Macao and eventually will return to its control. However, wishful thinking is one thing; reality is another. The differences between Taiwan and the two foreign colonies are so glaring that no country can possibly be taken in by Peking's sleight of hand.

Hong Kong and Macao are Chinese territory ceded to foreign powers under unequal treaties forced upon China by the colonial power of the past, whereas Taiwan was restored to Chinese sovereignty and the end of the last war after half a century of Japanese rule and has been the seat of the Republic of China since 1949. The Republic of China [ROC] is a sovereign nation in fact as well as in name. Although the country has only 23 embassies abroad, it has maintained official and semi-official ties with practically every country in the noncommunist world. Even though the ROC is no longer a member of the United Nations, few of its members countries, if any, consider Taiwan as part of Communist China. Equally important is the fact that the vast majority of the 24 million Overseas Chinese have consistently refused to accept the Peking regime as the legitimate government of China and have continued to regard the government in Taipei as China's true representative. Last but not least is the fact that the Republic of China has the ability to defend itself against Peking's attempts at military subjugation. Even if Peking were able to isolate the ROC internationally, it could not change the reality that Free China is here to stay.

PREMIER YU URGES SAFETY PRECAUTIONS ON NUCLEAR PLANTS

OW121117 Taipei CHINA POST in English 9 May 86 p 12

[Text] Premier Yu Kuo-hwa yesterday urged the Atomic Energy Council (AEC) to take all necessary precautions to ensure the safety of domestic nuclear power plants as the problem has concerned the people. Many foreign countries have used nuclear energy to generate electricity, he said. To prevent and defend against possible safety problems which might occur in neighboring countries, the AEC should also work out concrete measures soon, he said. Yu asked the AEC to collect more information concerning the accident at the Soviet Union's Chernobyl nuclear power plant and compile a complete report.

Premier Yu gave the directives at the Executive Yuan meeting after hearing a report from the AEC on the accident in the Soviet Union. The AEC, in its report, pointed out that the facilities at the Chernobyl plant lack containment and safety devices the nuclear power plants in Western countries and Japan have, so no similar accidents will occur in those countries. The AEC said it has notified personnel at domestic nuclear power plants to observe all operational rules and dispatch specialists to supervise.

RADIATION INCREASES; WELL BELOW DANGER LEVEL

OW130311 Taipei CNA in English 0230 GMT 13 May 86

[Text] Taipei, May 12 (CNA) -- The Atomic Energy Council said Monday that although the radiation levels in the Taiwan area have increased slightly over the past few days as a result of the accident of a nuclear power plant in the Soviet Union, they are still far from the dangerous level.

An official with the council said that according to its latest test reports around the island, the radiation levels in Taipei, Taichung, Kaohsiung and Hengchun have all increased slightly as compared with the figures of the same period of last year. Such low radiation levels will have no influence on the human body or plants, it said, calling on the people not to worry.

Meantime, Yu Yu-hsien, director of the provincial department of agriculture and forestry, said the radioactive fallout from the Soviet Union will not affect the agricultural products in this nation. Domestically-produced farm products are absolutely safe, and the people need not worry about eating them, he said.

In response to interpellations by provincial assemblymen Chen Chin-pin, Lin Kuo-lung and Lin Ming-cheng, Yu promised that the government will handle the issue with care and will not try to conceal any facts if the foods here are contaminated.

YUAN SAYS 75 PERCENT OF POPULATION SUPPORTS REGIME

OW051405 Taipei CNA in English 1017 GMT 5 May 86

[Text] Taipei, May 5 (CNA) -- A great majority of more than 70 percent of the people in the Republic of China are satisfactory with the government, said Dr Wei Yung, chairman of the Research, Development and Evaluation Commission under the Executive Yuan, Monday. The central government, among governments of all levels, enjoys the greatest popularity from 75.8 percent of the people surveyed, Wei said.

Quoting findings in a series of six surveys made between 1978 and December, 1985 to 6,000 civilians of all walks of life, Wei said that 78.7 percent of the surveyed are satisfactory the most with the living standards and ways of life in free China. Among other concerns, Wei said, the environmental protection made by the government has been the least approved by the people; only 30.7 percent of the respondents said its ok. The satisfaction with government employees' services to the people is also slightly declining, the poll indicated.

The poll, Wei said, also revealed that population in urban areas, especially women, youths, laborers and people of free careers, are posing increasing influence on political development as potential constituents. As constituents, people are now paying less attention to the natives of candidates in political elections, Wei said. [sentence as received]

MING PAO: HONGQI CRITICIZES LIU ZAIFU'S THEORIES

HK110524 Hong Kong MING PAO in Chinese 7 May 86 p 11

[Article by Lin Mei: HONGQI Carries Article Criticizing Liu Zaifu's Theories on Literature and Art"]

[Text] Paying a little attention to newspapers and journals, we can clearly find that there is something unusual in the atmosphere in Beijing academic and theoretical circles. Although, for the time being, people are not yet clear what is the matter and what it means, they obviously feel that it is a serious and important matter.

After the "Ma Ding incident" in the economic theoretical circles, the recent issue No 8 of HONGQI, China's authoritative theoretical journal, carries Chen Yong's long article of over 15,000 characters criticizing by name Liu Zaifu, a promising young man in China's literature and art circles and director of the Institute of Literature of the Academy of Social Sciences of China, for his views on literary and art theory.

In mid April, Zhu Houze, director of the Propaganda Department of the CPC Central Committee, published a speech that said there was an unprecedented brisk situation in the literature and art circles on the Chinese mainland, but there were also a small number of "billows" and a little "aftershock." Now, the "repercussion of them has not yet subsided," and there is still "lingering fear." Of course, Zhu said this with clear objects in view. However, this situation has emerged not only in the literature and art circles.

Over the past few days, important CPC officials one after another gave speeches or instructions calling people to create a harmonized and relaxed atmosphere in the theoretical and ideological fields in order to remove the nervousness in the minds of the intellectuals and in order to encourage people bravely to blaze new trails. In his speech at the meeting to mark the 1 May Labor Day, Hu Qili, member of the Secretariat of the CPC Central Committee, said: "We should have the courage to break away from some outdated and not entirely correct conclusions of Marxism." A few days ago, Hu Sheng, president of the Academy of Social Sciences of China, also wrote an article to point out: "There is no forbidden area in scientific research, and we should not regard academic mistakes as political mistakes of principle. It seems that the matter is very complicated and makes people feel confused. I am going to discuss what I know about Liu Zaifu the person and Chen Yong's criticism of him.

Liu Zaifu, a native of Fujian, is 45 this year. His father died when he was 4 years old and he was brought up by his mother alone. He finished higher education on stipend. As he was diligent and eager to make progress, when he graduated from the Chinese Language Department of Xiamen University, he was employed as an editor for ZHONGGUO JIANSHE. At the end of the "Cultural Revolution," he published some articles on research about Lu Xun and was appreciated by poet and critic He Qifang. Later, he was transferred to a job in Lu Xun Research Institute in Beijing, where he cooperated with Lu Xun research experts Lin Fei and others in editing the journal LU XUN YANJIU [Lu Xun research] He and Lin Fei jointly wrote "Biography of Lu Xun."

Over the past few years, in addition to time and again publishing works on literature and art theory, Li Zaifu has also written some prose and prose poems and published his collections of prose and prose poems such as "Search in Deep Sea" and "Sun, Land, and Man." In the former collection, the writer expresses his deep love for the motherland, people, and homeland and his persistent pursuit of truth in his unique, fine, and smooth style. In the latter collection, the writer thinks things over "in front of the Great Wall and Tiananmen" and sings praise of the sun, land, and man with warm reason, deep philosophy, and poetic beauty. Not long ago, his collection of prose "Clean and White Rush" was published in Hong Kong.

Liu Zaifu has concentrated on carrying out research into Lu Xun and literature and art theory, been brave in carrying out exploration, and had quite a few creative opinions. In the wave of rejuvenating CPC cadres in 1984, Li Zaifu was promoted to the post of director of the Institute of Literature of the Academy of Social Sciences of China. However, Liu is keen in academic research and is not interested in official posts; therefore, he is not interested in "gaining power" as many cadres on the mainland do. He delayed taking office after he was appointed director of the Institute of Literature and hid at home for 3 months to concentrate on his theoretical research. Recently, he was often invited by Beijing University and other institutes of higher education to give academic lectures, which were well received with the lecture halls packed with people who even filled the hallways.

After Liu Zaifu was appointed director of the Institute of Literature of the Academy of Social Sciences of China, he clearly put forth his principle in doing his job, which is also the theoretical principle to which he has always adhered. This principle is: "Academic freedom, dignity, virtues, and personality." This principle has brought a free, fresh, and brisk atmosphere of research to the institute, but it was condemned by some dogmatists and some people with rigid minds.

Not long ago, some people recommended Liu Zaifu for the post of vice director of the Propaganda Department of the CPC Central Committee, sources said. But this was not merely a simple matter of "appointing younger and better educated cadres." On the other hand, Liu himself had little interest in the job and he wishes to do academic research work, therefore, this has not become a fact.

Liu Zaifu has not only personally made new probes into literature and art theory and put forth some new opinions, but he has also continued to put forward proposals and opinions on the principles, policies, and methods of cultural and theoretical research. At the fourth session of the Sixth CPPCC National Committee last month, he put forward an "8-point proposal on cultural matters," in which he vigorously advocates creating a cultural atmosphere and environment that is in harmony with the modernization and holds that leaders should not be satisfied with acting merely as "sentries" or referees," but should also act as "builders."

Important CPC official Hu Qili appreciated his opinions. A few days after the CPPCC session closed, Hu Qili pointed out at a get-together of cultural circles in Shanghai that it was necessary to create a united and harmonious atmosphere of mutual trust and understanding in our academic circles.

However, this is a very complicated issue. Obviously, Liu Zaifu had his object in view in putting forth his opinions, which were aimed at countering some "unhealthy practice" in the cultural circles and also hurt the feeling of some senior cultural officials who had not yet cleared "leftist" poison from their minds. This could not help but give rise to some trouble.

This being the case, the publication of Chen Yong's long article by HONGQI to criticize Liu Zaifu has afforded much food for thought.

Originally, academic debates and theoretical discussions are natural and normal. Furthermore, there are still forbidden areas today in the academic circles on the mainland. Therefore, Liu Zaifu's courage in carrying out research and blazing new trails is indeed rare and commendable and should not be condemned. Although Chen Yong suffered from criticism and repudiation in the early 1950's, he does not have much fame in the cultural circles on the mainland. However, this does not hinder him from writing things that criticize others. What is worth noting is:

As a responsible person of the Policy Research Office of the secretariat of the CPC Central Committee, he should be very clear about the CPC's policies on academic research. Therefore, in his article, he should not use force to compel people to submit, brand people with labels; or easily regard Liu Zaifu's viewpoints as negating Marxist viewpoints and methods and being incompatible with dialectical and historical materialism, saying..."This matter is vital to the destiny of Marxism in China and to the destiny of socialist literature and art in China." How can such a threatening conclusion convince people? No wonder, when Chen's article was published, some people in Beijing and Hong Kong who were concerned with China issues thought there was a flavor in this article of the articles carried by the "two newspapers and one journal" during the "Cultural Revolution."

What is even more difficult to understand is that according to reliable sources, after Chen Yong's article was published, some important officials of the literature and art circles specially arranged a "get-together" in order to rouse people to criticize Liu, but few people spoke at the get-together.

Judging by the above alone, we can see some of the "implications." When we link this with the fact that some people advocate the reform and some oppose it, we will realize that there is some reason for this. Let future development prove this.

PRC SCIENTISTS DISCUSSES NUCLEAR, WEAPONS DEVELOPMENT

HK100616 Hong Kong TA KUNG PAO in Chinese 10 May 86 p 1

[Special dispatch from correspondent Kung Shuangyin: "Qian Xuesen Talks on Developing Nuclear Power"]

[Text] Newly elected CPPCC Vice Chairman and well-known scientist Qian Xuesen said today that the accident at the Chernobyl nuclear power plant in the Soviet Union would not affect China's development of nuclear power. He said that the development of nuclear energy is a firm principle of China. Qian Xuesen made these statements this afternoon when answering questions raised by foreign correspondents assigned to Beijing at a meeting held by the All-China Journalists' Association.

When asked how China was affected by the accident at the Chernobyl nuclear power plant in the Soviet Union, Qian Xuesen said: People all over the world are very concerned about nuclear power plants. Whenever there is an accident, people are inclined to add some emotional factors into their consideration. We shall develop nuclear power with caution and we shall carefully incorporate the experiences of all countries in the world in this respect. In other words, we must collect the data on different situations for scientific analysis before making our decisions.

On the activities of protests against nuclear tests in Xinjiang, which took place in Beijing several months ago, Qian Xuesen said: China pays close attention to the impact of nuclear tests on people living in surrounding areas. As far as I know, in the development of our nuclear industry in the past 30 years, the casualties caused by the tests have been very, very minimal. The people understand when we tell them this fact.

On the visit of Chief of Staff Yang Dezhi to the United States and his aim of buying advanced military technology from the West, Qian Xuesen said: In the area of national defense, China first relies on its strength. Under no circumstances should China arm its forces by depending on imported weapons. However, China is now implementing the policy of opening up to the outside, and we have to learn from the people of the world. We have to use the advanced technology that we have learned so we can produce things of our own.

As for the import of military technology, it is not a matter of wishful thinking. This is a very painstaking issue for Chief of Staff Yang. It depends on the other country. He also said: The most arduous task is that we must accomplish the modernization of national defense. On this issue, we must always bear in mind that we still have a relatively strong technological force. In the late 1950's, our country decided to develop and master the technology of atomic bombs, hydrogen bombs, missiles, and satellites. All these were high technology at that time and who helped us? Nobody! We just started from scratch. It was just by starting from that zero base that China's technological personnel mastered these types of high technology. Therefore, China's technological personnel are full of confidence. They can fulfill all tasks no matter how arduous they are. He added: I do not mean that we should not import advanced technology. what I mean is that if you do not sell, we shall work on our own. This is called acting independently and taking initiative in one's own hands, as well as self-reliance.

WANG GUANGMEI DESCRIBES HER PRESENT LIFE

HK120917 Hong Kong HONG KONG STANDARD in English 12 May 86 p 7

["People's Diary" column: "Madam Wang Comes Out of Hiding"]

[Text] After a long absence, Madam Wang Guangmei made an impressive public appearance at the fourth meeting of the Sixth National People's Congress. Better known to the outside world as the wife of the late Chairman of State, Liu Shaoqi, Madam Wang is a permanent member of the Chinese People's Political Consultative Conference.

Neither time nor sorrow has left many marks on the 64-year-old widow. her figure remains trim, well-proportioned -- as it was 30 years ago. Tall, graceful, she cut a charming figure in a deep blue western suit. She remained high spirited, pealing with laughter as members of the conference gathered round to greet her.

In her seclusion, she has been working on the memoirs of her husband, pouring over records and notes left by him. It is in part reliving the pains of the decade-long cultural revolution during which he became a "non-person" and the whole family suffered great tribulations. But this is far outweighed by the greater happiness from her children's devotion and achievements today. Madam Wang's three daughters are now studying abroad, two working on their Masters, the third on her doctorate. One has already collected two Masters degrees and plans to return home soon to work. Her son, a university graduate, too, is working in a village, in another part of the country. Madam Wang is regularly visited by her eldest daughter who works in Beijing, a daughter-in-law and a grandson who is at a university in the capital. Madam Wang has been living with an aunt who she says has been like a sister to her. Said Madam Wang: "I have a nice family. Some of my children have set their minds on working for the people; others are studying hard, preparing themselves for the tasks of our four modernizations. They tell me they are doing it for the motherland and living up to my expectations. And that pushes me on to improving myself, too."

Four year ago, Madam Wang resigned from her job with the Chinese Academy of Social Science to give more time to welfare work. This keeps her busy writing letters, making phone calls, interviewing people and espousing the causes of old comrades. These old comrades need assistance, advice and simply need someone to talk to when in trouble. And they have been very impressed by her. Of this, she said: "I like talking to them. They leave me a feeling of affection. Living with the masses makes me feel the deep concern they have shown to Shaoqi and the sincere encouragement they have given me."

But now and again she has to leave welfare work aside to continue with her work on the memoirs.

Most days, Madam Wang thumbs through notes and records. Or sketching the biography. Her life is busy, but fruitful and colourful. She retains an interest in music and exercises without fail. Every night she takes a stroll and listens to music before going to bed. She is an avid swimmer. Even the cold winter does not stop her swimming -- indoors, of course. With a twinkle in her eye, she says: "I've swum the Yangtze River, too."

PRC INCREASES CONTACTS WITH TAIWAN DISSIDENTS

HK120905 Hong Kong HONG KONG STANDARD in English 12 May 86 p 7

[*"China Horizons"* column by Yau Shing-mu: "Contacts With Dissidents Established -- Reunification Moves"]

[Text] China has adopted a new strategy towards reunification with Taiwan, working hard to win over those opposed to the ruling Kuomintang on the fortress island. The Vice President of the All-China Federation of Taiwan Compatriots, Mr Zheng Jian, recently told THE STANDARD in Beijing that the Chinese government is now soliciting support from Taiwanese dissidents. Mr Zheng, who is also a deputy to the Chinese People's Political Consultative Conference, said their contacts with the dissidents are mainly made overseas, in the United States and other places where mainlanders and Taiwanese mix freely.

This is a departure from the past practice when all appeals for reunification were directed at the ruling party. Beijing used to view these dissidents with scepticism. Sometimes opposition to the KMT was regarded as people fighting for independence which Beijing does not tolerate. "We realise the independence advocates are only a minority. Not every member of the political opposition identifies with an independent Taiwan. Besides, a large number of people, especially workers and farmers, long to see a unified China," Mr Zheng said. Last month, a Taiwanese, Mr Zhang Chunlan, a former representative of Kuomintang's party Congress, who defected to settle on the mainland, criticised the Chinese government for its misconceptions of conditions in Taiwan. He said many Taiwanese would not want the dictatorial KMT rule to continue after re-union.

Meanwhile, Beijing's new appeal is to guarantee Taiwanese, after reunification under the banner of "one country, two systems," more democratic rights than ever, Mr Zheng Jian said. The idea was put out early this year when XINHUA NEWS AGENCY, in its new year commentary, suggested that Taiwan's efforts towards "democracy and prosperity" were compatible with re-unification. It urged all Taiwanese to work hard towards this "great cause." Mr Zhang also pointed out that a highly autonomous Special Administrative Region to be installed in Hong Kong after 1997 would set the example for Taiwan. If the experiment of "one country, two systems" worked in Hong Kong, it believed the internal pressure on the island would mount up, forcing the KMT to deal with the Communists, especially now when the United States was more relaxed about China. Mr Zhang said Beijing was now desperate about re-unification as it was one of the three national objectives to be accomplished by the end of the 1980s.

Taiwan's current economic slowdown was an opportune time for this appeal to gain ground, he said. He said that in the past the KMT had used its economic achievements to convince its people of its superiority. But now economic reforms are changing the mainland and offering an attractive market to Taiwan's businessmen. Beijing is also strengthening its diplomatic ties with other countries and securing its international position. This also meant that Taiwan's links with the rest of the world were being stripped. With these new developments, a new unit has been set up in the Beijing Foreign Ministry to deal exclusively with Taiwan affairs.

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